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CONTENTS.

PART I: CO-OPERATION AND ASSOCIATION.

UNITED STATES.

ACTIVE MARKETING ASSOCIATIONS	Page
1. The Selling Problem, page 1. — 2. Existing Systems of Co-operative Marketing, page 4. — 3. The Extent to which Co-operative Action is Developed, page 11. — 4. The Recommendations of the Official Report, page 13.	

ITALY.

COLLECTIVE FARMS, ESPECIALLY LABOURERS' COLLECTIVE FARMS, by Prof. A. SERPIERI and Dr. G. MAMI	Page 15
Chapter I. The Various Types of Collective Farms in Italian Agriculture.	
1. Collective Farms on the Colony System (<i>Sistema Colonico</i>), page 16. — 2. Collective Farming on Large Landed Estates, page 19. — 3. Labourers' Collective Farms, page 24.	

RUSSIA.

LABOURERS' NEWS	Page 34
1. The Moscow People's Bank, page 34. — 2. Warsaw Co-operative Bank, page 35. — 3. The Material Support afforded by Government to the Popular Credit Institutions, page 38.	

PART II: INSURANCE.**GERMANY.**

THE REPORT OF THE IMPERIAL INSURANCE BUREAU FOR 1912 *Page*

NORWAY.

FOREST INSURANCE IN NORWAY *Page*

- § 1. Introduction, page 47. — § 2. The Extent and Value of the Norwegian Forests, Preventive Measures for their Protection, page 49. — § 3. Preventive Insurance, page 49. — § 4. Insurance of Compensation, page 50. — § 5. Organisation of the Norwegian Mutual Forest Fire Insurance Society, page 51. — § 6. Results of the Work of the Norwegian Society, page 53.

PART III: CREDIT.**ITALY.**

1. PROPOSED REFORM OF THE LAWS OF AGRICULTURAL CREDIT IN SOUTHERN AND INSULAR ITALY *Page*

- § 1. Laws in Force in regard to Agricultural Credit in the Provinces of the Southern Mainland and the Islands, page 58. — § 2. Proposals for Reform of the Laws on Agricultural Credit, page 59.

2. — MISCELLANEOUS NEWS *Page*

1. Regulations for the Application of the Law of July 6th., 1912, on Agricultural Credit in Liguria, page 63. — 2. Official Enquiry into Savings in Italy, page 65.

3. — PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN ITALY *Page*

JAPAN.

THE CENTRALISATION OF THE BANKING SYSTEM AND THE BANKS FOR SPECIAL CREDIT. *Page*

- § 1. The Concentration of the Banking System, page 70. — § 2. Special Credit Banks, page 74.

URUGUAY.

THE LAND QUESTION AND AGRICULTURAL CREDIT IN URUGUAY *Page*

- § 1. Some Information in relation to the Geographical and Economic Position of Uruguay, page 78. — § 2. Agriculture and the Present Land Policy, page 82. — § 3. Agricultural Credit and the New Legislation, page 89.

PART IV: MISCELLANEOUS.

GERMANY.

COLONIZATION IN NORTHERN GERMANY	Page 95
Part II: Formation of "Rentengüter" through the Intervention of the Prussian General Commissions (<i>continued</i>)	
§ 3. Colonisation Enterprise, page 95.	

FRANCE.

ENQUIRY IN REFERENCE TO METAYAGE	Page 120
§ 1. Definition of Metayage and Legislation on the Subject, page 120. — § 2. Metayage from the Economic and Social Point of View, page 121. — § 3. Farmers General, page 123. — § 4. Distribution of Metayage in France: its Evolution, page 124. — § 5. Share of the Landholder in the Profits and what he Reserves for Himself, page 126. — § 6. Duration and Form of Leases, page 129. — § 7. Area of Landed Estate, page 129. — § 8. — Rules for Working Farms, page 130. — § 9. Staff, page 132. — § 10. How the Stock is Constituted and the Contributions of the Landlord and Métayer, page 132. — § 11. Charges on the Farms, page 134. — § 12. Delivery of Farms the Produce of which is Shared, page 135. — § 13. Special Viticulture by Metayers, page 136. — § 14. Value and Future of Metayage, page 137.	

JAPAN.

PROGRESS REALIZED IN THE READJUSTMENT OF FARM LANDS	Page 140
§ 1. Statistics relating to the Application of the Laws, page 140. — § 2. The Regulations with regard to Subventions, page 142.	
PUBLICATIONS OF RECENT DATE RELATING TO AGRICULTURAL ECONOMY IN JAPAN	Page 143

Part I: Co-operation and Association

UNITED STATES.

CO-OPERATIVE MARKETING ASSOCIATIONS.

OFFICIAL SOURCES:

TERMS OF MARKETING FARM PRODUCTS AND DEMAND FOR [SUCH PRODUCTS AT TRADE CENTRES. U. S. Department of Agriculture. Office of the Secretary. Report N. 98. MET OF THE SECRETARY OF AGRICULTURE, 1910.

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ELER (JOHN L.): CO-OPERATION AMONG FARMERS. New York, 1911.
SOUTHERN RICE GROWERS' ASSOCIATION: An Article in the *Rice Journal and Southern Farmer*. March 1, 1913.

§ I. THE SELLING PROBLEM.

The problem of reducing costs in the marketing of farm products present occupying the attention of agriculturists in the United States, where it is regarded as the first of the many problems involved in the wide question of increasing the profits to agriculture, and improving the whole economic and social position of the American farmer. Dissatisfaction with the results of existing systems of marketing is widespread. Farmers and growers complain that they receive only from 30 to 50 per cent. of the ultimate price paid by the consumer, and that the middlemen of exploiting agriculture; while consumers in the States are continually lamenting that many farm products are difficult to obtain and unreasonably dear. The middlemen, on their part, say they gain only the legitimate profits of a difficult and speculative business dealing with fluctuating markets, on the side both of supply

and of demand, and often with perishable food-stuffs. All three classes finally, unite in complaining that the railways fail to provide and adequate service, and often charge prohibitive rates. Two things are clear; first, that expenses of marketing form an undue proportion of the total cost of many farm products; and, second, that the only persons at present possessing any considerable knowledge of market conditions are the middlemen.

The Report of the Secretary of Agriculture for 1910 gives some information as to the percentage of consumer's price received by the farmer for certain products.

From an investigation made in 1910, covering 78 cities throughout the United States, it was ascertained that, on an average, the dairyman received a bare 50 per cent. of the retail price paid for milk; the average cost of freight was approximately 7 per cent. of the price to the consumer, and the remaining 43 per cent. was received mostly by the retailer.

The Industrial Commission, which reported in 1901, thoroughly investigated the same question, and conditions at the present day are substantially unaltered. It was found then that the farmer was receiving 55 per cent. of the consumer's price for poultry; 69 per cent. for eggs when sold by the dozen; 55.6 per cent. for apples when sold by the bushel, and 66 per cent. when sold by the barrel. In the case of oranges sold by the dozen he received only 20.3 per cent.; when sold by the box he received 59.3 per cent.

Considering prices from the consumer's point of view, the Commission found that the percentage increase of consumer's price over the price paid to the farmer was, for cabbages bought by the head, 135 per cent. for oranges by the dozen, 400 per cent., by the crate, 100 per cent. for potatoes bought by the bushel, 82 per cent.

In 1909, a special enquiry into the high price of beef established the fact that the retail price was, on an average for the United States 38 per cent. above the wholesale price received by the great slaughtering houses.

The general conclusion which the Secretary of Agriculture drew from the investigations was that the consumer appeared to have no real ground for complaint against the farmer for the price he paid. The cost of transport, generally speaking, added a percentage increase to the farmer's price that was not large. The dealers had risks that were practically small, except credit sales and such risks as grew out of their trying to do an amount of business that was small as compared with the number. "The distribution of farm products", the report says, "considerably involved, and burdened with costly features". It is indeed generally admitted that there is much overlapping and waste between the producer and the consumer.

There is waste, in the first place, due to marketing produce in bad condition or at the wrong time. Fruit and vegetables, for example, are often unsaleable when they reach the market, as a result of car

ness in handling or delay in transit, or of both combined. Much perishable produce is wasted through a lack of storage facilities both in transit, when the distance is great, and on terminal markets when, as frequently happens, they are overstocked with certain products. Even in a glutted market it should never happen that tons of valuable produce have ultimately to be carted away as refuse.

Apart from such instances of actual material waste, there is constant waste due to inefficient, uneconomical methods. A wasteful system of marketing exists in which the farmer delivers butter and eggs at the local grocery store, and takes out their value in trade. The grocer detests this system, and only accepts the produce in order to retain the farmer's patronage; he has no proper storage facilities, and mixes together fresh goods and stale, good butter and bad; he has no regular supply, and therefore cannot build up a stable trade. He ultimately sells a large part of the butter, much deteriorated, to city factories — the so-called "renovators" — where it undergoes a washing process and is sold to the poorer city customers.

But there is greater waste in the practice of consigning small quantities of produce at high freight rates. Dealers obtain a large part of their profits by assembling produce from different growers and making full carloads on which they secure low rates. It is this service which, as a rule, farmers can most easily perform for themselves. The saving to be effected is always considerable, and is sometimes enormous. For example, for apples, for instance, from Springfield, Mo. to Chicago at carload rate costs \$ 86.00; at "less than carload" rate the same quantity would cost \$ 120.00. A carload of potatoes from Crowley, La. to St. Louis costs in freight \$ 84.00; in small consignments the cost would be no less than \$ 235.00, though this is an extreme case.

Waste occurs again in the overlapping and duplication of services in distribution. It often happens that there are four or five buyers in a district where one would suffice, if indeed the services of even one are necessary. Between producer and consumer it is quite normal to find three or four middlemen engaged in handling the same product.

And it is undeniable that producers in a vast number of cases are unable to obtain a fair competitive price for farm products, and this is because farmers, as a class, are in a position of economic disadvantage. They are comparatively isolated, without reliable information, untrained in commercial dealings, financially weak, and unable to estimate fairly either the costs or the risks of marketing. The result is, naturally, that they are to a great extent in the hands of the local brokers or the commission merchants who have almost invariably an agreement to limit competition among themselves. Thus, local buyers of live stock divide the territory, and at intervals meet and fix the prices to be offered throughout the district for different kinds of live stock — prices calculated to net each broker from 15 to 20 per cent. on his transactions. Should the farmer dispense with the services of those buyers and ship direct to some terminal market, he finds himself once more opposed to a united

body of commission dealers. A small shipment cannot influence prices; it is immaterial to the dealers whether they handle it or not; and the farmer, whose only alternative is to haul the consignment back to the farm, has perforce to accept whatever offer they may choose to make him. The farmer, in fact, is nearly always in a weak bargaining position.

In such circumstances it is natural that the remedies generally proposed are the dissemination of fuller information relating to crops, marketing systems, freights and current prices; and the organization of co-operative selling agencies. There are many who look to government to undertake both duties, claiming that the Department of Agriculture should now instruct the farmer in selling his product, much in the same way as it has already instructed him in growing it.

§ 2. EXISTING SYSTEMS OF CO-OPERATIVE MARKETING.

Early in 1912, the Department was directed to prepare reports relative to systems, co-operative or otherwise, of marketing farm products and in December the Secretary presented to Congress the above mentioned report.

Each product is made the subject of a special article which describes at length the existing methods of marketing it, and a large number of reports are added from co-operative associations and other marketing agencies. The report contains a summary of the benefits found in associative marketing, and a series of recommendations dealing with the creation of a special Division of Markets. Most of the information relating to co-operative marketing, however, is contained in the reports from individual associations and we shall deal first with those.

There are separate reports from sixty-six associations and agencies of which eleven are from private firms, one refers to an association which has ceased to exist, and one deals with an agency for distributing imported fruit. The remaining fifty-three associations are distributed according to the product marketed as follows: citrus fruits 4; other fruits (apples, pears, peaches and small fruits) 36; market-garden products (including potatoes, beans, peas, tomatoes and various vegetables) 1; seed 1; milk 1. They are unevenly distributed among twenty-three States. California alone is represented by 14 associations; the New England and Atlantic States together by 16; Colorado furnishes 4 reports; Missouri, Idaho and Illinois, each, 2. Minnesota, Wisconsin, Michigan and Indiana are not represented.

It would be useful to know the average number of years for which the associations have been in existence, but less than a quarter of the supply the information. Out of thirteen which do so, one has been in operation for forty years, while others are only in their second or third season.

(a) *The Standard Type of Association: Fruit-selling Agencies.*

The associations are almost invariably farmers' organizations incorporated under the company laws of the separate states, without subscription or with only a nominal amount, described as "co-operative profit associations", and formed to conduct the business of selling crops. We shall see presently what functions they actually perform. Legal acts referring to co-operative associations exist in a few of the states only. An association once organized, however, has the right to adopt bye-laws which do not conflict with the laws of the state, and therefore wide powers of constructing a system of management adapted to its own needs.

One of the California associations with a large number of local units, a small number of district exchanges and a single central exchange, represents the most fully developed form of the American co-operative marketing agency, but the greater number of them are not so thoroughly organized. The prevailing type is the single association of growers in a defined district who assemble, grade, and pack their products, and employ full carloads, employing a business manager, one or more inspectors, and a book-keeper. The manager tries to sell full cars on definite orders, or failing that he consigns the car to a reliable firm to be sold on commission. A short summary of the report from one of the associations will give a good idea of the working of all of them. We will select the *Eastern Shore of Virginia Produce Exchange*, noting only that it is one of the largest and richest, and that the district enjoys special advantages with respect to the products that can be grown and the accessibility of markets.

The *Exchange* is a co-operative marketing association organized under the laws of Virginia in 1900. In 1912, the association shipped 4,600 cars of potatoes, 230 cars of strawberries, 150 cars of cabbages, and 100 cars of melons — the output of between 2,500 and 3,000 farmers.

The paid-up share capital is 42,000 dollars, and there is an accumulated reserve of 80,000 dollars. Members need not be shareholders.

There are thirty-four local divisions, each of which elects a director to the general board, and an agent for each of its shipping points. The general board appoints inspectors so that they may be free from local influence. Much of the administration, and the shaping of the general policy is left to the general manager and the secretary. Five resident men are employed in important market centres, and local brokers are employed in others. In a great many towns direct telegraphic communication is maintained with wholesale buyers.

The general office is in telephonic communication with each of the thirty-four shipping points. Early each morning the local agent reports the probable extent of his shipments for the day, and from time to time reports the number of cars actually loaded and awaiting sale. All sales are made by the general office upon telegraphic quotations open for acceptance on the day of offer only.

At the shipping points the local inspector examines each load delivered by the growers, and if it reaches the standard fixed by the association as to quality, condition and packing, he permits the barrels to carry the "*Red Star Brand*" — the registered trade-mark of the association. Sales are made f.o.b. loading points, the buyer to assume risk of delay or normal deterioration in transit. Many losses are sustained each season from damage which cannot be shown to be due to causes fairly included in the buyer's risk, and these, as well as the occasional losses due to non-payment, are borne by the association.

All expenses of the association are met by a commission of 5 per cent. on regular sales and of 3 per cent. on the small quantity of produce dealt with locally. In future only one half of the annual net earnings is to be carried to the reserve fund; the remainder will be distributed among the growers in proportion to the amount of produce they contribute.

In the twelve years of its existence the Exchange has vastly expanded the territory available as a market for its products, and the only of the district has been trebled. Through its requirements as to quality enforced by inspection, it has standardized the products which it sells, eliminated economic waste in the old fashioned chaotic manner of gathering and marketing the crops, benefited the consumer, and secured higher prices for its members.

From the articles of the constitution we quote the following as being instructive:

"Whenever twenty or more stockholders, representing not less than two hundred and fifty dollars of the stock of the Exchange, shall desire to organize a new division, they shall first make application to the board of directors.

"Each stockholder shall be entitled to one vote for each share of stock held, but no person shall be allowed to hold more than ten per cent. of the whole number of outstanding shares.

"Henceforth all members shall be required to market their produce exclusively through the exchange, or else relinquish all rights of exchange membership; provided, however, that in case any member is offered a price plainly in excess of the market value of his goods, for the obvious purpose of inducing him to break off his relationship with the exchange, the general manager shall have authority to direct him to accept such offer without loss of membership rights."

Practically all the agencies for which we have information are for growers' shipping or selling associations and their federations. They undertake, on behalf of their members, some or all of the following operations: picking, grading, packing and loading into cars; finding a market for the fruit, selling or consigning, determining the method and conditions of sale; arranging for transport, collecting and remitting the proceeds of sale; buying and distributing fertilizers, spraying materials, sacks, crates and standard boxes. Incidentally they render other services. They furnish insurance to their members by distributing losses on individual shipments.

hey take charge of any disputes arising with respect to sales. They accurate information on market conditions, especially as regards movement of supplies towards market centres, from competing sources as from their own district. They often instruct growers in the action and care of fruit, and advise them when to pick.

In association occasionally does no more than pool the products of members, and make a collective bargain with the local buyer. Even at this stage, an association controlling a considerable part of the product of a district is already in a distinctly advantageous position, and can usually secure an appreciable advance in price.

The next stage is where the association owns a central packing house, the produce, and offers it to competing markets in carload lots. In this stage the association has to meet the competition of the local buyer who has the custom of growers by offering them cash payment for their products. In shipping through their own organization they may have to wait some time before they receive payment, and in the meantime to bear the risk of a market which may be a thousand miles away. Associations in their early days have suffered severely through the demand of members tempted by the cash terms of the local buyer, but many of them have an ingenious provision allowing members to sell to the dealer when he offers a price above the market rate, on condition of handing over to the common funds a percentage of the higher price obtained. Since no dealer can continue to offer prices above the market rate, and the associations are constantly increasing their knowledge of the best markets and, with greater credit facilities will be able to make bargains on delivery, we may conclude that they will continue to strengthen their hold on the members, to the exclusion of the local buyer.

At the next stage of development the associations have grown into large selling organizations with a powerful influence in establishing markets. They employ a highly paid manager, and exclusive selling agents in important centres; sell a large proportion of produce at public auction, direct to wholesale dealers; and are able to effect large economies in transport and reductions in commission paid for handling their goods. The influence which a co-operative agency can exercise on prices is well illustrated from the work of the *Southern Rice Growers' Association*.

This is a co-operative sales association marketing the rice crop of its members. Before its formation the market for rice was so uncertain, and the price to the farmer so low, that cultivation had practically ceased to be profitable. Too many mills had been erected, and for some years the milling capacity of the rice mills of the United States had been at least four times the production. There was keen competition to sell, and prices were cut down close to cost. To make matters worse for the growers, the market was manipulated by speculators whose interest was to maintain fluctuations in price. The farmers were receiving little for their product and yet the consumption of rice was small, the wholesale

dealers discouraged by the uncertain market cutting down their transactions to a minimum.

The association was organized in the autumn of 1910 by producers in Louisiana, Texas and Arkansas. In January, 1911, when it began operations, rough rice stood at \$ 2.30 a barrel, but the market was demoralised and very little rice was being sold. The association fixed its minimum at \$ 2.75 a barrel. This arrested any further fall in prices, but still the market did not revive. To relieve the situation the association bought 250,000 barrels of rough rice from the producers at \$ 2.75 and exported it to Europe, selling it for the best price obtainable and bearing the loss, amounting to 65,000 dollars. The moral effect of the deal was of enormous advantage to the organization. The mills had supported the growers, cleaning the exported rice free of charge, and the wholesale dealers trusting to the association to maintain stable prices, bought freely.

At the beginning of the 1911 season the association set its minimum price at \$ 3.00 a barrel, then raised it by stages to \$ 3.50 and maintained it without difficulty. On the opening of the new season the association fixed a minimum price of \$ 3.60 for rough rice, and though outside growers were selling at an appreciably lower figure, successfully marketed its holding of rice at, or above, this minimum.

In March of this year the president wrote: "The Southern Rice Growers' Association is now nearly twice as strong in membership and acreage as it was in 1911. Farmers have been convinced of its value. Bankers, millers, irrigators and business men generally are supporting it. Perhaps the most effective supporters it has are the wholesale grocers and distributors to the jobbing and retail trade. They recognize that the association enables them to do business in rice on a safe legitimate margin of profit, without having to speculate at the risk of loss by market fluctuations".

The association has a nominal capital of 10,000 dollars, in one dollar shares. No person may hold more than fifty shares.

(b) Co-operative Selling of Other Farm Products.

As we have seen co-operative agencies have been most fully developed, and give greatest promise of permanent success in the marketing of fruit and vegetables.

The rice selling agency to which we have just referred seems also to be well established. Rice like the various kinds of fruit and vegetables has a clearly defined area of production, which is one of the conditions of success in co-operative marketing. Some information dealing with other farm products is to be found in the first part of the government report, and may be presented here.

Butter. — An attempt at co-operative marketing has been made by a number of creameries in Minnesota, but so far as is known little or no good has come from it. No doubt the difficulties in the way of

success are, first, lack of business experience; second, insufficient capital; third, a natural disinclination on the part of the farmers to co-operate with one another.

Cotton. — For a number of years, farmers' associations have made attempts to fix minimum prices of cotton. In connection with some of these attempts it has been planned to provide co-operative warehouses where planters may store their cotton while waiting for higher prices, and to provide also a co-operative credit system whereby such planters might secure loans on the cotton stored by them.

Cotton Seed. — A very little has also been done towards co-operative oil-mill building and operation, the members of the association contracting to deliver all their seed at the co-operatively owned mill.

Flaxseed. — At a considerable number of towns in the three states here flaxseed is most largely grown (Minnesota, North Dakota and South Dakota), co-operative elevator associations have been organized.

Grain. — Farmers' elevators are, owned and operated by associations of farmers. They are especially numerous in Minnesota where there were 24 in 1910, and also in North Dakota.

Hops. — Many attempts have been made to form co-operative selling associations among hop-growers, but in the main they have been unsuccessful.

Milk and Cream. — So far co-operative selling associations for milk and cream have not been developed to any great extent. At the present time there are only a few such co-operative plants in operation. Some of them are on a very unstable basis. One association is operating at Omaha, Nebr. and in the spring of 1911 was handling 430 gallons of milk a day. At that time the returns to the farmer were below the prices paid by competing milk companies. The difficulties so far met with in farmers' co-operative milk plants have been that they are usually so small that they cannot operate as economically as larger plants. Then too, the members have become dissatisfied easily, having anticipated larger profits than they realized.

Tobacco. — In recent years particularly since 1905, growers' selling organizations have been established here and there throughout much of the producing territory, particularly in the west. In some instances these organizations have succeeded in pooling and controlling the sale of 50 per cent. or more of the production of an entire district. Where there are co-operative selling organizations the conditions for the district are better understood, at least by the leaders. The co-operative community selling plan seems to be an economical and fundamentally sound plan of selling, but serious drawbacks are found in the difficulty of securing competent managers, as it takes special experience in grading and handling tobacco of a sort not usually possessed by the average grower. A further difficulty lies in the fact that a large proportion of the crop is produced by croppers and others of little financial strength. They are generally badly in need of money by the time the crop is ready for market, and through the co-operative agency, generally not more than 50 or 60 per

cent. of the value is advanced at the time of delivery, and there is some uncertainty as to the amount and time of payment of the balance.

Alfalfa Seed. — There are various organizations, especially in Utah, where the farmers combine for the purpose of marketing their product to the best advantage. Where the growers have organized, the seed is in a sense pooled, and frequently stored in common warehouses. A representative of the organization arranges for sales to consumers, retailers, wholesale houses and jobbers.

Wool. — In Tennessee a lamb and wool club composed of producers, sells the wool to a blanket mill at Springfield, Tenn. In Minnesota a wool growers' association manufactures its own wool, and the members receive a higher price for their product than they could get on the market.

(c) *A Co-operative General Exchange.*

All the associations we have been considering so far are engaged in marketing some particular crop. A more complex form of organization is referred to in Dr Fords' study of co-operation in New England. This is an association with the title of the *Producers' and Consumers' Exchange* which aims at becoming "the sole middleman between the Maine farmer and the Boston consumer." It developed out of a grange supply association which had begun in a quiet way to sell produce for its members direct to wholesale houses. The Producers' and Consumers' Exchange opened its membership to all farmers, whether grangers or not, and soon after decided to admit city consumers as well, and sell both wholesale and retail. A shop had already been opened in Boston for selling wholesale and for the purchase of farmers' supplies, but early in 1924 the Exchange turned over most of the business of co-operative supply to another grange organization and decided to confine its operations to co-operative sale.

There are 2,200 farmer members and 150 consumer members, chiefly wholesale firms. At present the farmers, shipping in carload lots, or less, to the Boston store, receive wholesale prices minus freight charges and commission. A plan is being considered, however, by which the farmer will receive full wholesale prices for his goods, while the Exchange will sell to its customers at 10 per cent. above these prices, to cover expenses, depreciation and reserve.

When the membership becomes sufficiently large the Exchange intends to deliver goods once a week to the homes of purchasers anywhere within ten miles of the store. Profits will be distributed to both producers and consumers on their shares; no member may have more than one vote; and directors are chosen by each group. The writer concludes his description thus: "It is too early to pass absolute judgment upon this plan. The economies of the system (provided that cash business is strictly adhered to and a large reserve maintained) are indisputable. The difficulties of diverse membership and double direction are not insurmountable if proper

provision is made for a general meeting which can arbitrate in case of deadlock.

d) *Co-operative Markets.*

Public market places are owned either by town governments or by private corporations. Occasionally co-operative warehouses or market places are owned or rented by associations for dealing in some specific product. In Connecticut, at Hartford and Enfield there are farmers' co-operative warehouses to assort, grade, and sell at auction the tobacco crop of the associated members. The *Boston Co-operative Flower Market* is an association which leases a market hall and makes collective purchases of supplies, but has no common sales agent. Membership is open: shares sell at 25 dollars; and a dividend of 6 per cent. was paid in 1910. Stalls in the market are bid for at auction. There are 150 stall holders, half of whom have shares. The receipts of the association are from rent and premiums paid for stalls, and from advertisers occupying space in the hall; the common expenses are for rent, lighting, salaries to manager, treasurer and caretaker, and for cold storage and packing.

In connection with the maple sugar industry of Vermont there is both a sales association and a co-operative market—the *Vermont Maple Sugar Makers' Market*—established by members of the association. Membership of the market is open to any producer buying a ten-dollar share; there are 50 members; and the market does a business of over 60,000 dollars a year. The market association buys the sugar and syrup outright from the producer, paying according to quality and density, and the demands of the season. Any producer, whether member or not, may sell to the market. The goods are graded and packed under co-operative management, and sold under the name and with the guarantee of the association. In 1910, interest at 5 per cent. was paid on the shares. The foundation of the *Maple Sugar Makers' Association* dates from 1893, and, outside the fruit industry is apparently the only long-established co-operative selling agency in New England.

§ 3. THE EXTENT TO WHICH CO-OPERATIVE ACTION IS DEVELOPED.

Turning once more to the official report we find that from the information available it is difficult to say to what extent the reporting associations are genuinely co-operative, to what extent they have been successful, or what proportion of even any single product is marketed through co-operative organizations.

The terms co-operation, association non-profit and the like are nowhere clearly defined, and it is not always evident what degree of strictness we are to assign to them. The question of the distribution of the share capital will suffice to illustrate the difficulty. In some cases no infor-

ation is given; in others, shares are distributed on the basis of area owned under cultivation. Frequently the purchase of a share is in effect only the payment of an entrance fee; in one case a members' holding is limited to ten shares of one hundred dollars each; in another case, already referred to, no person may hold more than ten per cent. of the total number of shares issued.

The voting is often democratic—one man one vote; sometimes each share carries a vote; sometimes the basis is the amount of produce shipped, or the number of acres owned.

Occasionally there are transactions between associations and growers, or between one association and another, which are difficult to classify. One association which pools and markets the produce of its members, paying them the average price realized, authorizes its manager to purchase fruit from outside growers when supplies from members are below the average; and, in the district in question, fifty per cent. of the growers are independent. The California Fruit Growers' Exchange acts as the selling agency of the California Fruit Exchange at a fixed charge of 15 dollars per car, but there is apparently no agreement as to the distribution of any profits arising out of the transaction. The California Fruit Distributors, again, is a non-profit association, but the constituent members are private firms who both buy fruit outright and act as selling agents on commission for growers. Here the advantage to the farmer is indirect, and determined by the extent to which his interests are identified with the private firms. But the chief difficulty arises from the fact that the consumer, in most cases, seems as remote as ever from the producer, and the advantages he has reaped are entirely problematical. The report says: "Co-operative marketing does not necessarily and in fact often does not, eliminate any middleman in the process of distribution". Apparently consumers will have to organize purchasing associations on a considerable scale before any appreciable saving to them can be effected. One extract from the report of the secretary of a large association handling citrus fruits will suggest a reason. The secretary writes: "The average grocer fixes a price per dozen for a certain size fancy orange at the beginning of the season, and maintains that price whether he pays \$3.50 per box for his fruit or pays but \$2. Thus the lower price to the producer does not stimulate increased consumption, as the consumer gets no benefit from it".

As is pointed out in the report, farmers do not co-operate to benefit consumers, but to secure better terms for themselves, and the reports from associations are practically unanimous in saying that the members are satisfied that they have reaped great benefit from co-operation. That competition between co-operation and private enterprise is keen may be inferred from the fact that one association has been forced to dissolve after doing business successfully for nineteen years. It failed apparently, because members found that in some cases independent growers had obtained higher prices for their goods, and in spite of the

that the average price obtained by members during nineteen years is much higher than the average obtained by independent growers. So far comparatively few associations have proved to have sufficient ability to survive wide fluctuations from normal conditions. Exceptional seasons, good or bad, with rapidly rising or rapidly falling prices, have been fatal to many farmers' organizations. But the dissolution of one association very often leads to the formation of another composed largely of the same members, and the new one learns from the experience of the old and improves its administration and its methods. Thus the associations are gradually attaining to more flexible and permanent forms of organization; and co-operation, availing itself of the results of investigation, and wisely directed, promises in the near future to contribute largely to the solution of the problem of cheaper marketing.

§ 4. THE RECOMMENDATIONS OF THE OFFICIAL REPORT.

In proposing the establishment of a Division of Markets in the Department of Agriculture, the report outlines the work already performed by the Department in connection with the marketing of farm products; then, after noting that certain proposed services are practically impossible, it suggests what lines of service could most usefully be undertaken by such a Division.

A general market news service is declared impracticable, first, on the ground of the enormous expense it would involve, and, secondly, because in furnishing such a service the Department would practically be incurring responsibility for the results of huge selling operations, and "the unfavourable experiences would be the ones that the public would remember". The cost of a telegraphic news service, for all products and the whole country, is estimated at a million dollars or more, and since a single association spends 75,000 dollars yearly in telegraphing, the estimate is probably a low one. The publication of official information is an implied indication of the markets to which shipments should be directed by producers, but the Department would have no power of regulating the quantity of produce to be shipped, as has a marketing association, which is besides, itself in a position to obtain equally accurate information. The inevitable result would be universal dissatisfaction with the government service.

We shall follow the report, in its enumeration of the proposed functions of the Division:

A Division of Markets could promote the organizations of marketing associations wherever the farmers request information or assistance. It might through field agents, perform good service in examining into the affairs of weak and unsuccessful associations, and advise changes for their improvement.

It should compile and publish a list of associations for marketing farm produce, and of agencies which sell for associations of farmers, and a list of buying associations and agencies of associations of consumers.

The experience of marketing associations in foreign countries, for possible utilization by producers in the United States, should be examined and made known.

A list of commission merchants in a city, for whom the board of trade or chamber of commerce would stand sponsor, might be published by the Division.

It should ascertain in connection with the other crop-reporting service of the Department, the prospective quantitative production of all vegetables, fruits, berries and other crops of considerable commercial account; and should investigate the subjects of the grading and packing of products, standard packages or containers, uniform weights and measures, and the peculiar problem of market preferences.

The Division should prepare a description of principal markets, and should ascertain the facts with regard to routes, methods, time and costs of transportation; and should investigate the question of storage at shipping points and in transit. The costs of distribution of all farm products, from producer to consumer, should be investigated; these costs should be itemized, and their total compared with prices at the farm and consumers' prices.

The report concludes its recommendations by saying: "If such an office is established, its duties should be mostly permissive instead of mandatory, in order that it may not undertake too much in the beginning and that it may feel its way to the service it can best perform".

In accordance with the recommendations Congress has made a first appropriation of 50,000 dollars for the creation of a special division which, under the title of the Office of Market Investigations, has already begun its labours.

ITALY.

ITALIAN COLLECTIVE FARMS, ESPECIALLY LABOURERS' COLLECTIVE FARMS

by Prof. A. SERPIERI and Dr G. MAMI.

CHAPTER I.

VARIOUS TYPES OF COLLECTIVE FARMS IN ITALIAN AGRICULTURE.

When about ten years ago the system of collective farming began to extend in Italy and to be studied, two types were early distinguished, known in the literature of the subject as collective farms under *joint management*, and collective farms under *divided management*, respectively.

The distinction was based on the different methods of organisation, the first case each labourer belonging to the society renting the land and undertaking to farm separately a portion of land rented by him, while in the other case the farming of the whole undivided area was undertaken by the society itself, the members providing the necessary labour.

The distinction seemed at first sufficiently clear, and such that the Italian collective farms might be logically classified in accordance with it. The association of collective farming with agricultural systems of more different character and the employment of it by various classes of labourers shows more and more the inadequacy of the original distinction; how, instead of serving to explain, it conceals far more substantial differences.

The collective lease — that is the lease of a farm by a group of labourers — is a means that may serve very different ends: if we wish to understand its meaning and value, we must consider it and distinguish its relation to these various ends, which have their *raison d'être* in the economic characteristics of the class of agricultural labourers who desire to obtain them and the agricultural system under which they work.

The field labourers do not in fact form a homogeneous class. Without considering here those labourers who possess farms sufficiently large for themselves (we might call them small *autonomous* landowners) — since the institution of collective farms does not concern them — the great body of agricultural labourers working altogether or

partly on other people's land, is divided into many classes with different economic and social characteristics.

It may suit all these classes to obtain the use of land on which to work by means of collective farming; but the farm so formed presents a very different appearance according to the class of labourers forming the society. It follows that, with these various classes of labourers there may correspond an equal number of types of collective farm, differing in origin, in aim, and in arrangement.

Limiting ourselves to the consideration of the types that have been adopted in Italian agricultural economy, we think it well to distinguish the three following.

§ I. COLLECTIVE FARMS ON THE COLONY SYSTEM (*Sistema colonico*).

A system of farming very widely diffused in Italy is that which we shall call the *colony system*.

Its characteristic is the permanent division of the land into separate units (*colonies, farms, etc.*), each of sufficient area and so arranged as to demand the whole or almost the whole attention of a peasant family, with little need for recourse to outside assistance and only in exceptional cases.

We find two expressions used — *colonia* (colony) and *famiglia colonica* (colonist family) — in necessary correlation with each other, which suffices to stamp the whole system, notwithstanding the various forms it assumes, with certain uniform characters.

The *colonist* families, each of which undertakes to farm a *colony*, rent the land, either immediately from the land holder or sometimes from an intermediate tenant farmer.

Sometimes there is a *small colony lease*, when the family undertakes to work the whole farm at a fixed rent; sometimes a *share tenancy*, when it receives a portion of the profits from the farm, contributes part of the capital required and bears a part of the costs; sometimes there is a combination of small colony lease for certain classes of production and of share tenancy for others; sometimes the form is rather nearer that of an agricultural contract, and the family is paid at a rate, to a large extent fixed, independently of the results of the undertaking, though even then, the profits are in large part shared in the case of certain crops; and the *colony* contract may assume many and many other forms; through which it is easy to trace the gradual elevation of the labourer from the position of a mere daily paid hand to that of a small capitalist and farm manager.

The attainment of economic independence in this way forms for the most part the ideal towards which the labourer's efforts are directed, and which the strongest actually realise: they are attracted — as to their ultimate goal — by the flattering vision of a small independent holding.

sufficient to provide the family group with labour and sustenance, without the need for recourse to outside employers of labour.

The *Colony* system, as above defined, is extremely widespread in Italy, above all in Central Italy, and in the belt of hills and plateaux between the great curve of the Alps and the plains.

Collective farming has been here and there started in connection with this system. The collective farms under divided management in Lombardy, and in some parts of Venetia and Piedmont, are for the most part of this type: *Divided management* here precedes the collective lease; it is nothing else but the division of the land into *colony units*, characteristic of the already existing land system.

What are the reasons for this collective lease? They may be reduced to the following:

(1) When the peasant families have passed a *colony* contract not directly with the owner of the land, but with a large tenant farmer substituting him, the society composed of the peasant families may again substitute itself or this tenant farmer. The society will then have more or less extensive functions, according as those of the tenant farmer it substitutes were more or less extensive. When the *colony* contract is identical with or resembles, in the manner indicated above, a *small colony lease*, the functions of the large tenant farmer are evidently very limited, and are those of an administrator and surety more than anything else (1). Not seldom also it is his part to provide the colonists with credit for farm purposes or for their personal needs. In any case, in this instance, he does not appear, or only to a limited degree appears, as the farm manager. If, on the other hand, the *colony* contract more nearly approaches an agricultural labour contract, then the large tenant farmer is really a farm manager, assisting the production extensively with his work as manager and his capital.

It is after the first manner that the collective farms have been generally formed. The peasants' society has then limited duties as security, provider of credit, and administrator; but its fundamental *raison d'être*, from the economic point of view, consists in this that, in certain agricultural districts, where there is no very keen competition among the large tenant farmers, their limited services are remunerated at an unusually high rate: their substitution by peasants' societies gets rid of this monopoly of profit, thus benefiting the peasants themselves and often the proprietor, who, in view of the increased competition, is in a position to raise his rents. Very often then the co-operative institutes exert an action in favour of the re-establishment of the ordinary conditions of competition.

The success of this action of collective farms on the *colony* system, depends on whether the peasants' society really succeeds in

(1) The landholder, for greater security and in order the more easily to collect his rents, may in fact prefer to rent his farm to a single large tenant farmer giving good security rather than rent the separate portions to so many peasants.

discharging the office of the former tenant farmer at less cost. The experience of Italy seems to show that in many cases it is possible; but often the advantage attained benefits not only, nor principally, the colonist; but also the proprietor.

(2) But in the *colony* system, collective farming has sometimes had a second motive or at least a second effect: it has been an instrument in the elevation of individual colonists to the condition of independent contractors; towards which, as we have said, all their efforts tend.

This second action is sometimes contemporaneous with the former. It has thus occurred that colonists bound by a contract not yet quite that of lease, but akin to that of lease, (for example, the mixed contract of lease and share tenancy referred to above) have not only substituted their society for the large tenant farmer, intermediate between them and the proprietor, but have *individually* been invested with the office of manager formerly held by him: they have, that is to say, transformed their *colony* contract into a contract of lease: the society has substituted the tenant farmer, but without assuming the office of agricultural manager, which it leaves to its individual members. The *colonists*, while getting rid of the intermediary between them and the landholder, have all been transformed into small independent farmers.

This collective rise towards the management of farms has sometimes been realised independently of the elimination of the large tenant farmer. And this has happened when, on the one hand, the landholder has found it convenient to consolidate his rents and fix their amount, renouncing all his rights to any share in the farm, and again when the colonists have found it convenient to undertake the entire management each of his own farm. But instead of this taking place through the action of single independent colonists, with independent contracts of small lease, it has been brought about through the action of the group of colonists, by means of a single contract of lease, subject to the immediate successive subdivision of the total rent among the individual farms and the individual colonists renting them.

When the collective farm acts in this second manner, it is obvious that its success is affected by the greater or less technical and financial preparation of the colonists to assume the management at their sole charge. In the mass of colonists in the society, all cannot show an equal degree of preparation: if the number unprepared is excessive, the whole organisation may fail. But if the preparation is sufficient and sufficiently distributed, the system of collective farming generally allows of the object being more economically attained, than by the separate action of individual colonists. The independent action of many peasants, competing separately for the lease, almost always results, as experience shows, in raising the price of the land to an exaggerated degree, and increasing the rent often enormously. It is just a moderating action on the usual price of the soil that constitutes, in this case, the substantial advantage of collective farming for the members renting the land.

(3) We must not neglect to mention a third, manifestation of the action of the collective farms, almost always associated with the foregoing, the association for renting land, that has created bonds of fellowship among the members, forms an excellent foundation for the other more common forms of co-operative action, such as collective purchase and sale, collective use of agricultural machinery, intermediate action for credit, etc.; all the forms in fact that save the small farmer from dangerous economic isolation.

The society further may undertake the useful work of technical and social assistance, education etc. for the benefit of its members.

§ 2. COLLECTIVE FARMING ON LARGE LANDED ESTATES.

A second type of collective farming is offered us by the region of *latifundia* in Sicily.

Here, we have no longer to consider a system of landed estates colonised as above explained, but a land system in which *latifundia* prevail.

By *latifundia* we do not simply mean very large landed estates: a single estate may include many *latifundia*, and one of these again may belong to many proprietors. The Sicilian *latifundium* is an agricultural unit, generally of an area of between 200 and 1,000 hectares, cultivated intensively, as grain farm and grazing farm. The farming is sometimes carried on by the proprietor, more often by a large tenant farmer (*galantuomo*).

Sicily is not quite entirely occupied by *latifundia*, although the greater part of it is and consequently certain social characteristics are impressed on the whole country: besides the sea coast where intensive cultivation of trees (citrus fruits and vines) prevails and is associated with a very different land system, even in the interior of Sicily, where *latifundia* prevail, there still remains a portion of the soil, where, above all, in the neighbourhood of inhabited centres, the land is divided into small farms and continuously sown, especially with beans and grain, planted with trees, together with extreme subdivision of the soil. Typical *latifundia* serve, as we have said, for the cultivation of grain and pasturage, the alternation of which is interrupted by the land being left fallow and in the January and October preceding the sowing of the grain repeatedly ploughed (at least three times). It may be sown with grain two or more years in succession: after which it is grazed for one or more years, the area utilised in each kind of farming depends on the length of time for which it is utilised. There has been a tendency in recent decades to restrict the use of the land utilised for pasture and to extend that of the grain fields; in some cases, instead of the ground being left fallow and ploughed, it is cultivated, at least to some extent, with beans and other hoed crops. In some cases we have portions of *latifundia* tending to approach the methods of the small farms referred to above.

The manager of the estate (proprietor or tenant farmer) seldom work it exclusively with his own capital (livestock, implements, etc.) and only with day labourers: the case, indeed, has been growing rarer lately. In most cases, that portion of the *latifundium*, that, in its turn, has to be sown with grain, is divided into small lots (generally of from 1 to 6 hectares each of which is granted, together with the seed he requires, to a peasant who cultivates it with his own hands, either entirely at his own risk, in return for a fixed quantity of grain (contract called *terratico*), or partly at his own risk, in return for a proportion of the harvest (contract called *metateria*) (1). The lots are formed and granted to the peasants year by year, sometimes the concession is for a longer period, when the peasant undertakes to plough the fallow land before sowing grain, or to cultivate the crops (principally beans) planted as an alternative to letting the land lie fallow, or when grain is to be grown on the same lot more than once.

Also that portion of the *latifundium* utilised for pasturage, the area of which is, besides, being continually reduced, is not always kept by the farmer for his own livestock: often it is leased to others, who undertake livestock improvement for their own account, with the help of paid labourers.

It is easy to see from the above that, when the estate is not farmed by the owner, but (as is most usual) by the tenant farmer or *gabellotto*, the business of the latter is often rather *commercial* than *agricultural*, or, as some say, he is rather an intermediate speculator who, after he has acquired the use of the soil from the proprietor, sells it to real farmers (peasants and livestock improvers).

Together with this land and agricultural system we have briefly described, we find a class of peasants, in which it may be well to distinguish various groups.

Small landholders, *autonomous* in the sense we have given this word are not wanting, especially in the coast region of intensive cultivation, but they are very few and of no importance from the point of view of collective farming.

More numerous are the labourers, who with nothing but their arms and the simplest farm implements, authentic members of the proletariat

(1) As a rule the shares are equal. But various deductions are generally made from the peasant's half, in favour of the farmer, and the latter receives payment for all or part of the seed he supplies in advance. The variations in the contracts, like the variations in the amount of the fixed quantity of grain in the case of the *terratico* contract are, on the one hand, due to the general causes by which the higher or lower rate of remuneration of labour is fixed, and on the other hand, to the varying fertility of the portion of the land, and therefore to the varying amount of labour and capital the peasant needs in order to obtain a fixed amount of grain at the harvest. In fact, the lot may be assigned after the fallow ground has been ploughed by the farmer; or immediately after the grazing season, when the peasant will be obliged to plough it with his own livestock, or eventually to cultivate the crops (for the most part beans) planted as an alternative to letting the ground lie fallow; or after a previous grain crop. And as the contracts vary according to the previous use made of the land, so also they vary with its quality.

and manual labourers, sell their work day by day (as *giornalieri*) or by monthly or yearly contract (as *masalori*, *annalori*). There is a demand for day labourers in the districts where the land is subdivided and intensive farming is carried on, and also on latifundia, cultivated for the account of the farmer; (where they work as hoers and reapers, etc.); while labourers on yearly or monthly contract are chiefly required for herding livestock or for ploughing. Some of these inferior labourers also apply for grants of lots on contracts that do not entail the possession of stock.

But the most numerous and typical class of Sicilian peasants is that of labourers possessing a little property, however small. They often also possess houses: they have, either as their own, or on long lease, some small portion of land, though indeed quite insufficient for their maintenance and they have one or two head of draught cattle (mules, oxen). The possession of these makes it easy for them to obtain the grant of lots in the latifundia, in accordance with the more usual conditions which we shall indicate. And their household may derive its support from various sources in varying proportion; fractions of land belonging to others taken on a small lease, or on the condition of sharing the harvest, and wages for day labour on farms or in other productive businesses.

Those amongst the labourers who, best provided with capital and land of their own, are able almost entirely to give up working for hire, and above all take small leases of land, — who may more decidedly assume the appearance and the duties of small independent farmers — are called *borgesi*. To raise himself to the position of a *borgese* is the ideal of the humblest of the lowest class of peasants (1).

We see the great difference between these Sicilian peasants and those working on the *colony system*, above described. In the colony system, the labourer's family is completely bound to the agricultural unit — the farm. The colonist, when he has found a suitable farm, works and lives on it, often for a long series of years. His household economy is perfectly arranged and adjusted to the farm he works: and the farm must also be adapted to the necessities of the labourer's household economy.

But the Sicilian peasant — when he can escape from the position of a simple labourer, in which he has uncertainties and the risk of unemployment to fear — himself works the land, or, more exactly the farms entrusted to him by various farmers and remains essentially a stranger to the land he works: the farms on which he is employed are constantly changing. Even when he undertakes to cultivate a particular farm on terms which subject him to the same risks as a tenant farmer, he is substantially only a labourer, not a farm manager, if by the latter expression we understand the organizer of the farm.

For such a class of labourers and such an agricultural system, what meaning has collective farming?

(1) In connection with this, see Prof. Lorenzoni's magnificent report on Sicily, in the "Parliamentary Enquiry into the Conditions of the Peasants in Sicily and the Southern Provinces", 1910.

If we consider the position of those peasants who, year by year, or at very short intervals, have to reconstitute the bases of their labour, applying to various proprietors and tenant farmers for a sufficiently large number of lots, — if we consider their position, more especially, in the period when, while the owners of latifundia remained constant to their system of extensive cultivation, the peasant population went on increasing, with no relief from emigration, which only began quite recently among the Sicilians, — we shall soon understand how the proprietors and tenant farmers found themselves in the most favourable position to impose on the peasants burdensome conditions, which hardly left them enough to live on. The peasants were also constrained to have recourse to loans in kind, and found the tenant farmer ready to grant them, but on equally hard terms.

Under these circumstances it is evident what was the essential task of the collective farm society. It had to obtain farms for the labourers, its members, on the most favourable conditions. The labourers' society competes with the tenant farmer for the lease of the entire *latifundium*; so it obtains possession of a number of farms, out of which the members can obtain the lots they require to constitute, or more often to complete, their farms.

It is clear that the collective farms in this operation present points of contact with those of the colony system already examined.

Thus here also we find the elimination of the large tenant farmers — not unfrequently reduced to the position of simple intermediaries — whose gains, out of proportion to their services, as was often the case, are now transferred to the peasants, or, to the landowner, when he is able to increase his rents.

Here also we find a moderating influence exerted upon the raising of rents, through the collective demand for a large stretch of land, in place of hundreds of separate competing demands for small parcels.

Here also often we find a general co-operative action for the benefit of members, in the field of collective purchase and sale, credit, technical and social assistance etc. In Sicily the credit business has specially developed, because many collective farms have been recognised as intermediary bodies between their members and the Bank of Sicily for the purposes of the Agricultural Credit Law of March 29th, 1906.

But with these analogies we find no less considerable differences.

We also hear of Sicilian collective farms on the system of *divided management*: but it is a divided management of a very different character from that of the *colony* system. There it corresponds with the formation of units, each of which is a small farm in itself: the member of the collective farm society finds the lot he is to work already in order for him, and he works it on the usual well known lines.

But when, in Sicily, the peasants' association undertakes the working of a latifundium, it has two courses open to it.

It may maintain the former previously existing organisation in its entirety: then the association fixes year by year the mode of cultivation

of the latifundium (dividing it for grain cultivation, pasturage and fallow land); provides for the utilisation of the pastures and the fallow land; and distributes in proportion among its members the lots to be sown, on conditions similar to those previously in use, except that the conditions are as little burdensome as possible. The peasants' economy does not vary from the system previously in use: the *divided management* has, therefore a totally different character from that it has in the colony system. The whole amount of land the peasant works, in part granted him by the collective farm society of which he is a member and almost always in part obtained from other sources, is still not one farm, but the temporary association of fractions of various farms for the purposes of cultivation. The technical organisation of the farm is not included among the personal duties of the peasant: it is rather the business of the association, as regarding the latifundium leased. And it is not difficult as long as the earlier arrangement continues, but it might become exceedingly serious if that has to be transformed.

But the collective farm society may pursue another course, which may seriously alter the old technical organisation, even from the beginning.

The division of the latifundium among the members of the collective farm society may acquire a permanent character to last for the whole period of the contract of lease; the lots obtained by this division may become large enough to demand at least the greater part of the labour of the family to which they are granted and which has to organise the farming and manage the farm on its own account, contributing a proportion of the rent.

This is, substantially, the substitution of a new system on the basis of small farms for the ancient latifundium system. The association re-allocates all its technical functions in favour of the individual members; but these then find themselves faced by a serious problem, that of determining what new technical organisation is suited to the small farms entrusted to them.

We may say that, really, the Sicilian collective farms hesitate between these two systems, without having yet taken a decided line, or a definite position.

Often, yielding to the eager demand for land on the part of the peasants, they have ended by dividing the whole latifundium among their members, destroying the ancient organisation, based on the alternation of cereal crops, pasture and fallow land. But as the lots are too small, on account of the large numbers of members applying for them, it has not been possible to form independent farms on the colony system, so that the peasant is compelled always to treat them as supplementary to other farms; and the serious difficulties inherent in the technical problem prevent the societies seeing their way to a vital organisation of these small farms, although there is reason to praise certain considerable improvements (the use of chemical manure, for example).

But it is not our purpose here to enter on a long critical examination. We have only desired to point out the special characteristics of these Sicilian collective farms. They, therefore, it is true, present analogies with those originating under the *colony* system, but also profound differences. To sum up, it is enough to remember that generally the lots they provide do not demand the whole activity of the labourer but only serve as means of adding to his resources; and again when the ancient latifundium organisation has had to be abandoned, the association or the individual members separately find themselves confronted with serious and urgent technical problems.

In this respect, they present certain analogies with the Emilian labourers' farms.

In a certain sense, the Sicilian collective farms form a link between those founded on the *colony* system and those of the Emilian labourers with which we shall now deal.

§ 3. LABOURERS' COLLECTIVE FARMS.

In Emilia the traditional form of agriculture is again the *colony* system.

But it is not there the colonists, but another class of labourers, the *braccianti* or day labourers, who have instituted collective farming.

What is the origin and position of this class of labourers in an agricultural region in which the *colony* system as a rule prevails?

Circumstances of various character have united to form and consolidate in Emilia, or rather in certain parts of Emilia, where the collective farms have especially arisen, numerous groups of day labourers.

We must, in the first place, observe that in the Emilian plain, extending over the provinces of Parma, Reggio, Modena and Ferrara, there have long been in use forms of *colony* contract reducing to a minimum the participation of the labouring family in the management of the farm; the remuneration consists to a large extent in fixed wages, to which is added, in a subordinate degree as a supplement, a share in certain farm produce. In the share tenancy and similar contracts, in which the remuneration of the labouring family consists solely in a share in the produce, a certain proportion has to be maintained between the working capacity of the colonist family and the requirements of the farm; but in the *colony* contracts of a different type, mentioned above, the manager of the farm (proprietor or large tenant farmer) has far greater liberty and often avails himself of it to assign to the *colonist* family such of the necessary farm work as remains unvaried or almost so for the whole year, and to provide by means of outside labourers (day labourers or adventitious labourers) for the more urgent requirements of the farm at their special seasons.

Even in the case of share tenancies it appears in certain seasons (for example, at the time of harvesting certain crops), the colonist family

ends itself insufficient for the requirements and has to have recourse to the help of adventitious labourers; but this occurs to a limited degree and often the colonist families provide — and did so to a greater degree in the past — by helping each other in turn (exchange of labour).

On the other hand, it may be a usual thing to call in outside help, to a considerable degree, when the *colony* contracts are based on fixed wages. It may be said that the *colony* system, reduced to this form, is losing its essential characteristics more and more: the division of the land into *colonies* is more and more losing its *raison d'être*: the autonomy of the farm being reduced, the system approaches the type of the large undivided farm which provides, by means of paid labour, fixed or adventitious, according as is necessary, for its requirements.

This type of large farm with paid labour has long prevailed in certain regions on the confines of Emilia, such as the province of Mantua, where also similar collective farms have arisen.

At the date of the Enquiry carried out by Jacini (1881) a very marked tendency was observed in the provinces of Reggio, Parma etc., to substitute for share tenancy families (*métayers*, etc.), families of *bonari* and families *da spesa*, by which names those *colonist* families receiving on a large extent fixed wages, are indicated. In the conditions of the labour market at that date the transformation suited the immediate interest of the farm manager, who obtained the labour he required at less cost, and had recourse, to a greater or less extent, to adventitious help.

But another circumstance helps to keep up the demand for adventitious labourers in certain parts of Emilia and the adjacent regions (the province of Mantua).

In the lower parts of the valley of the Po, the Provinces of Ravenna, Bologna, Ferrara, Modena, Reggio and Mantua, there were and still are considerable areas where the water has not been drained so as to allow ordinary cultivation. Hydraulic works on a large scale, with the mechanical raising either of the soil or the water level, and the construction of canals, have gradually improved the district: but it is not everywhere that these works have been completed, and, where they have been, it is not everywhere that the transformation of the bare soil just reclaimed from the water into intensively cultivated farm land has been completed.

In those districts where the marshes have been drained, transitional systems of agriculture are adopted; the cultivation of rice permits of the utilisation even of land difficult to drain; at a more advanced stage of transformation we find dry crops (wheat, lucern etc.), on large farms, where the land is not yet completely drained, grown amidst singular difficulties and serious risks.

There are *new* lands, where the *colony* system, at least for the moment, certainly could not be applied and provision is made for the work cultivation by the employment of adventitious labourers. On the other hand, the execution of the above hydraulic works (construction of

canals, embankment of rivers etc.) has itself created a considerable demand for day labourers.

Finally, we must not forget that farms and share tenancies, as we have incidentally noted, also demand, at certain seasons of the year, additional adventitious labourers.

All these reasons make possible the employment of a class of labourers absolutely independent of the farm and not bound by any contract.

These labourers have gone on increasing in number. The increase of the farm colony population and its consequent excess in respect to the requirements of the farms in their primitive organisation led to many members of the colonist families passing into the class of day labourers. This breaking up of the ancient family groups was encouraged by certain tendencies of the day, exciting in the labourers the desire for greater independence and freedom of action than the colony system allows. The period of serious crisis through which Italian agriculture passed about 1880, ruined entire families of colonists and peasant proprietors who were thus driven to increase the proletariat host. When, then, a considerable demand for adventitious labour was created, the class of labourers ready to satisfy the demand was increasing.

But for a long time, up to 1890 and later, a certain equilibrium between supply and demand was only established by reduction of the rate of wages to an extreme degree.

The report of the Jacini Agricultural Enquiry of 1881 above referred to is full of references to this excess of labourers daily increasing in numbers and of their consequent most unhappy condition.

Here and there, the evil was somewhat reduced by a current of emigration, but this was never sufficient to serve as a radical remedy, partly on account of the special attachment of the population (or at least of a certain section of it) to the land. The disproportion between supply and demand became more marked in moments of agricultural crisis, as that referred to about 1880 when the number of day labourers increased to a larger extent through the continual abandonment of their farms by métayers and other colonists, while the proprietors found their means for remunerating labour reduced.

It is also worthy of mention that about this time the habit of letting their farms began to spread among the proprietors, while previously it was quite an exceptional thing. Senator Tanari, who had to report on Emilia, for the Jacini Agricultural Enquiry of 1881, observed that there was a tendency among the tenant farmers to convert their tenancies into farms of their own, with paid labourers, in preference on the colony system, and summed up his judgment upon them as follows: "they are simply gamblers: they speculate and exert themselves a little more than others for the oppression of their inferiors".

In the agricultural environment we have briefly sketched — as the condition of the day labourers grew worse — socialist propaganda made an appearance and under the inspiration of socialist ideas the resistance of the farm labourers was organized.

In the province of Mantua, organizations for the purpose had arisen and succumbed between 1880 and 1890, but it was especially in the next decade that, through the efforts of the socialist party, the farm labourers' leagues of resistance acquired great strength and extension in the province of Mantua and in many of the provinces of Emilia. The *Labourers' National Federation* of these provinces was founded in 1901 and in the next year 1,235 leagues had joined it with a total of 227,791 members. This post was formed in a very large degree of labourers of Emilia and Mantua.

It is not here the place to relate the history of the movement: it is enough to take note of those of its effects that gave rise to the foundation of collective farms.

The resistance of the peasants found its expression at the first principally in strikes which were very numerous and serious. The masters, little prepared to defend themselves, had to make considerable concessions in the matter of wages and with regard to the improvement of the conditions of labour generally. The great technical progress made by agriculture in Emilia, and also, later on, the higher prices obtained for many important kinds of agricultural produce, allowed of the increase of wages up to a certain point, without the managers of the farms suffering too seriously.

But when, owing to the first successes, the attack was repeated, and seemed sometimes not only with the object of obtaining economic improvements, but with that of a more profound social revolution, the masters began to defend themselves, and they also organized themselves accordingly. Unsuccessful strikes became more frequent: mutual understanding between the two organized classes began to take their place. To day, in the region under consideration, the conditions of labour are often regulated by collective agreements, although these are not always respected. But other consequences soon made themselves apparent in the organization of agricultural production, on the one hand, and the direction of it by the action of the labourers, on the other, and with these the origin of the collective farms is especially associated.

When the managers of the farms found the cost of labour, especially adventitious labour, increased, they had soon to adapt their farms to new situation. And with the following results: the reduction of some kinds of farming requiring a large number of hands (e.g. rice cultivation) as through the rise in wages they were now less profitable than other kinds of farming (e.g. livestock improvement) requiring less labour; the introduction of machinery on a large scale, which permitted of certain operations, above all reaping, being performed at less cost; the abandonment of much work the farm managers found convenient formerly, when wages were low, but no longer so, now that they had been raised (1).

(1) It is often forgotten that the quantity of labour required for a certain system of cultivation is very variable. Wheat may require from forty to eighty days' labour per hectare. If the price of labour rises, the quantity that can be employed with advantage to the farmer, *ceteris paribus*, decreases. Even if the kind of farming is not changed, it is possible to do on with a smaller number of hands.

All this led to a decrease in the demand for labour especially for adventurous labour. And it was even further reduced in the case of share tenancies, where the tenant, who, according to the more usual contracts, bore the cost, together with his family performed a marvellous amount of work, rather than pay the high wages asked by the day labourers. If to this we add the decrease, in certain districts, in the number of large public undertakings, we shall understand the serious unemployment of this class of labourers,

But another tendency soon appeared of no less serious consequence for them: the farm managers began to return to the system of employing permanent colonist families instead of daily paid labourers.

Those forms of colonies which gave the family of labourers a large interest in the farm — if, in previous years they had been, as we have seen, often replaced by means of labourers on wages, which, with the low wages of the time, was a cheaper system — are now coming again in to favour, not only because it is often not possible to obtain the necessary labour cheaper, but also, and above all, because the tenant farmers are better guaranteed in this way against the risk of strikes.

Indeed, there are very special difficulties in the way of the employment of agricultural labourers absolutely without any interest in the undertaking. The nature of many farming operations prevents their control: their supervision is difficult and costly. The absence of any direct interest easily leads to small production. That may even be borne in the case of extensive farming with few labourers, or if the wages are very low, or if a sufficient substitute for an interest in the farm is to be found in the fear of unemployment, as is the case when the competition between the labourers is very keen. But if, in the case of intensive cultivation, a large part of the profits is required for the remuneration of the labourers, if wages are high, if the organisation of the labourers reduces or eliminates competition and sometimes does not even allow the farm manager a free choice, if, through the socialist propaganda, there has become rooted in the labourers' mind a much stronger sense of the contrasts than of the points of contact between his interests and those of the farm, it is extremely difficult to work a farm chiefly on the basis of day labour. If we add to this the risk of strikes at harvest time, a very serious risk in an undertaking of such a character, it is easy to understand the tendency referred to above of limiting the employment of day labour and extending that of *colonist* families with an interest in the undertaking.

Even where the conditions of the farm do not permit of the application of the *colony* system altogether, and it is necessary to have recourse to outside labour, an attempt is made to give the labourers an interest in the business. Among the forms adopted for the purpose, special mention must be made of what is called *partitanza*, a system widely diffused in the territories we are considering, originally, in the rice fields and, later, on other kinds of farms. It is a contract passed between the farm manager and the labourer for definite agricultural work. The labourer under-

then all the necessary manual work in return for a share in the profits and sometimes also he shares in the expenditure on manure, seeds etc.

In the new situation which was thus brought about, the labourers, who, thanks to their strong organisation, ruled the market for adventurous agricultural labour — and, in certain regions, had completely monopolised it, could indeed keep the wages relatively high, but could not prevent serious unemployment. The system, extensively applied, of turns of labour the distribution of all the labour in the market among all the labourers — succeeded, indeed, in distributing the losses through unemployment among them. Nor can it be denied that — continuing so to monopolise the market — they might have finally succeeded in attaining a higher total income than that obtained by longer annual employment on lower wages.

But the fact remains that the labourers — occupied for a small number of days in the year — still did not find themselves in a flourishing position, and, as the original action of pure resistance produced less and as result, they turned to co-operative action, in order to obtain larger incomes. By means of distributive co-operative societies they increased their real wages, as they obtained the means of existence at lower prices. By means of co-operative societies for production and labour, amongst which the collective farms were largely prominent, they sought to turn to account their stock of labour that would otherwise have remained unemployed.

In the agricultural field this latter form of action became important and extended itself after 1902.

However, it had had precedents deserving of notice.

There was, already, many years before, the example of the labourers' co-operative societies which contracted for the execution of public works: a form of undertaking, it is true, extremely simple, but not without importance as a preparation of the peasants' minds for the creation of collective farms.

There was besides — and just in the field of agriculture, a form of *active participation*, the natural result of the combination of two tendencies already observed: that of the farm managers to give even the labourers an interest in the farm by means of the contract of *partecipazione*, and that of the labourers to regulate collectively the conditions of labour. There were thus introduced contracts of collective *partecipazione* (collective *mezzadria*, collective *terzaria*, the name changing according as a half or a third part of the produce was granted to the labourer (1), between the farm manager and a group of labourers and even individual labourers. The collective *partecipazione* which even to day, as we shall see, are widely diffused, already made their appearance, especially for the cultivation of rice, in 1884 (2).

(1) We must be careful not to confuse *mezzadria* as a form of *partecipazione* with equal sharing of the produce, with *massadria*, as a type of colony contract. After what we have just said on the colony system and on *partecipazione*, there is no need to say more.

(2) It must be mentioned that in the province of Bologna collective *mezzadria* was in vogue for the cultivation of rice in 1894 on the estates of the Counts Isolani and Cavazza.

And even in the direction of the entire assumption of the farm management there had been some attempts already made by the Emilian labourers, though without success (1). But it was really in 1902, as we have said, that the labourers, taking example by the collective farm of *Fabbrico*, in the province of Reggio Emilia, started just in that year under favourable auspices, entered with great ardour on the course thus indicated, so that in ten years they had founded 69 collective farms, distributed as follows in the various provinces:

Reggio Emilia	12 (2)
Parma	1
Modena	1
Mantua	13
Padua	3
Ferrara	4
Bologna	11
Ravenna	24 (3)

The centres from which the movement extended were, in order of time, Reggio Emilia, Bologna, Ravenna, and Mantua.

What then are the characteristics of the collective farms founded by the Emilian labourers?

They are a means employed by the labourers' organization for obtaining the highest remuneration for the work of their organized labourers. This means is in fact associated with the whole policy of the organization.

If on the farms leased by the labourers, which they work for their own account, they succeed in obtaining an income at least equal in amount to the wages they ask for when working on other farms, this is the best proof of the justice of their claims. To get work on other farms they were obliged to accept lower wages; the farm managers must

(1) The association of the Ravenna labourers, afterwards a co-operative society, as far back as 1884 undertook the drainage of the swamps of Ostia and Maccaresc in the Agro Romano and later, in 1901, the colonisation of the Ostia land they had reclaimed. This undertaking, at least in its initial stage, has not given good results. In 1889, the same co-operative society obtained from the commune of Ravenna the lease of 230 hectares, with the object of distributing the land among its members, in turn, in lots of 1 hectare each, to be drawn for every three years, with the intention of ensuring for their members a source of subsidiary gain in addition to that from adventitious labour. This collective lease has gone through many crises, but it is still in force, and is in course of being better organized.

(2) Of these 12, only six belong to the pure type above described and are associated with the socialistic movement: the other six are mostly composed of colonists (metayers, small farmers etc.) and not of labourers. The colonists make use of these societies to supplement or enlarge their own little holdings, by means of other lots leased through the co-operative society, which therefore works in a way similar to that of the Sicilian societies.

(3) Including that formed indeed of labourers of Ravenna but working in the province of Rome, since 1901 on the reclaimed land of Ostia and Fiumicino. See note 1, above.

men have had a surplus profit, which the labourers succeed in eliminating by means of their co-operative enterprise.

But even if — as we shall see has often been the case — they do not succeed in their object even if really they obtain less from the collective farms, in comparison with the wages fixed by the organizations, the system, may still be to the best economic advantage of the labourers where they are strong enough to monopolise the market for adventitious labour. They then act like the monopolist who finds it to his advantage to sell a part of his produce for less than cost price in order to charge higher prices for the rest. They sell at monopolist prices part of their stock of labour; that part that even at that high price finds a market, while, as regards the rest, employed on their own farms, they content themselves with less.

This, like any other conduct based on a system of monopoly, may be socially injurious; but it cannot be denied that it may be profitable to those who practice the system.

The existence of collective farms also allows of a more suitable application of other principles by which the conduct of the organization is governed. Where, through the resistance of the masters, or for other reasons, a rigid application of the system of turns of labour is not possible so as to obtain for all the labourers the high salaries it has been possible to fix by means of organization, collective farms may offer a partial remedy by giving more work to those labourers who have been unable to find less employment on other farms.

If there are labourers who, by reason of their age, sex etc., can not claim to the wages fixed by the organization, the collective farms promise to occupy them in other ways, but in such a manner that their competition shall not reduce the rate of wages the organization has succeeded in fixing (1). The reserve employment, in fact, that the collective farms assure to all, even if at a low rate, clearly gives the labourers' organization greater strategical power in its struggle against the masters' organization.

The collective farms of Emilia are therefore an instrument of the organization of the labourers' class, nor can they be judged independently of the whole policy of the organization.

This also explains certain characteristics of their organization, which will be better illustrated in the following chapter: in particular, the principle of keeping these societies open for as many labourers as desire to enter them, and of calling them each in turn to give their

(1) This action has become more important recently on many co-operative farms, even all in the district of Ravenna, where it often happens that the head of the family only works by the day on private farms, while the other members of the family the most part work on the land belonging to the societies. In this way the total income of the family is more secure, as the certain wages of the head are added to the certain income derived from the collective farm.

work, so as to equalize the yearly employment of all, taking account of the work done by each on other farms.

But these collective farms must be considered also from another larger point of view, less strictly connected with the policy of the organization: that is, with regard to certain consequences, which, even if not desired or not foreseen by the organizers, have, all the same, in our opinion, a very great importance for the labouring class.

We have already had occasion to point out all the difficulties in the way of the employment of adventitious labourers on farms, when they have absolutely no interest in the production and are not even bound by a contract for at least a year. The insupportable cost of such labour on farms is often due, more even than to high wages, to the poor result of the labour, and the absolute uncertainty of being able to obtain it when necessary. We are convinced that an agricultural system with free labourers, contracting day by day or by each piece, cannot endure: it is a pathological organization.

The employment of day labourers on the farms of the regions under consideration, is already, as we have seen, very limited: if it still continues, this is due, more than anything else to reasons inherent in the technical situation of certain territories, that have not yet assumed a definite form and are still in course of transformation. But we believe that it will be further limited: and the work of the collective farms, above described, in completing and keeping up the high wages of the labourers as adventitious workers, will necessarily therefore be more and more reduced. But the collective farms will then have accomplished another very important task: they will have brought back the labourer to the farm: they will have bridged the deep gulf between them and the farm: they will at least have prepared the way for the transformation of a class technically unsuited for agriculture into one better suited for it.

On their collective farms the labourers are no longer exclusively such; they are managers, and face all the responsibilities and difficulties of the position, and they are going through bitter experiences.

They are, amongst other things, experiencing at their own expense the profound truth we have affirmed as to the importance of the labourers' interest in agricultural work.

In the original arrangement of the work on collective farms, the labourer members were as a rule paid by the day: now experience has shown the necessity of adopting other forms of payment and giving the labourer a direct personal interest in the profits derived from his work. This means that to get cheap labour it was not enough that there should be a *collective* joint interest derived from the participation of the labourers as members of the co-operative society managing the farm. Perhaps in time the necessity will be recognised of attaching the labourers more closely to the collective undertaking, avoiding the employment in turn of a number too large for the requirements of the farm. This is today a necessary consequence of the task assigned to the collective

farm by the policy of its organization, but we doubt whether the system compatible with the prosperity of a farm, as under the circumstances there is no possibility of constant and continuous relations between the owner and the farm he cultivates.

The *closed* collective farms will not then seem inferior to the *open*.

And then the day labourers will no longer be such: their transformation into groups of labourers that have been able to raise themselves collectively as well as individually to the position of farmers will have been completed.

Farms thus organised might have a substantial claim to technical superiority. The participation of the labourer in the management — which is of very special importance — we repeat it once more, in agriculture, was first realised, in the traditional forms of farming, by means of *individual family* participation in the small holding, the small lease, the share tenancy etc., that is, in any case, in the small farm, which is, on technical grounds, for many, very many reasons, inferior to the large farm.

The collective farm may unite these two conditions which have hitherto been united: the large farm with all the more remunerative technical appliances for which it is adapted, and a constant supply of labourers, devoted to the farm and ready to dedicate to it their best efforts, because it is *their farm*, because they feel they are working *for themselves*.

Is it necessary now to say that the collective farm society presents very serious difficulties for the labourers? It is enough to remember that they are simple labourers transforming themselves into farmers. At once we see the enormous difficulties in the way of provision of capital and obtaining men of the capacity required to direct the undertaking, which are the more serious in the case of highly intensive farming such as prevails in Emilia. Nor are the difficulties less as regards obtaining the use of the land at prices not too high, above all in a region where land conflict is intense, and as regards the maintenance of the necessary discipline among the labourer members. How these difficulties have been met and with what results, the reader will see in the following chapter, which we shall give ampler particulars with regard to the organization of these interesting farms.

Here we shall only add that some of the societies founded for the collective lease of farms also obtain labour for their members by means of the contract of collective *partitanza*, the origin and the nature of which we have indicated. This helps them to overcome some of their greatest difficulties, above all that of the provision of sufficient working capital.

(To be continued).

RUSSIA.

MISCELLANEOUS NEWS.

I. — **THE MOSCOW PEOPLE'S BANK.** — Last October we dealt with the origin and organization of the Moscow People's Bank. We shall now reproduce some statistics relating to the work of this bank, courteously supplied to us by Prof. Totomianz of Moscow.

For the formation of its share capital the Bank had no need of recourse to a public issue; at the first general meeting of shareholders (April 23rd, 1912) all the shares were subscribed and more than half paid up; on the first of October following, the rest of the share capital was paid up in full.

On May 1st., 1913 the balance sheet of the bank showed a total of 3,113,123 roubles.

The debits consist principally in the share capital and the deposits, which increased from 3,500 roubles on May 1st., 1912 to more than 1,000,000 roubles on May 1st., 1913.

Such a rapid increase of deposits shows to how great an extent the new institution has won the confidence of the public.

The bank has already entered into regular relations with a number of the largest Russian and foreign co-operative unions and with some of the zemstvo people's credit banks. It is in a position to grant loans to the 158 loan and savings co-operative societies (banks of the Schulze-Delitzsch type) and the 295 credit co-operative societies of the Raiffeisen type working in Russia.

The first working year closed with a net profit of 4,500 roubles, which, in all probability, will be paid into the reserve fund. The general meeting of shareholders, held on April 24th. last, decided on urging the Finance Department to add a section to the rules of the bank authorizing it to lend on mortgage of rural estate.

It also decided on the issue of 4,000 new 250 roubles shares. We give below the items of the balance sheet of the institution for the year ending May 1st., 1913.

Statement of Accounts of the Moscow People's Bank, May, 1st., 1913

CREDITS		DEBITS	
	Roubles.		Roubles.
Cash	19,379.49	Share Capital	1,000,000 —
Current Accounts:		Reserve Fund	4,583.12
(a) at the State Bank	978.63	Deposits:	
(b) at Private Banks	33,564.41	(a) At Sight	13,125 —
Bills Discounted	1,788,205.32	(b) For Fixed Periods	374,710 —
Guaranteed Funds of the Bank	91.21	Ordinary Current Accounts	423,759.21
Special Accounts (on Call)		Conditional Accounts	52,062.91
(a) Documents of Title as Security	7,500 —	Special Current Accounts:	
(b) Bills and Bonds	778,127.38	(a) in Private Banks	775,154.00
(c) Goods and Security for Goods	15,109.60	(b) Commissions not Paid	4,028.57
Foreign Securities	821.65	Bank Correspondents:	
Correspondents' Accounts:		(a) Loro	140,994.62
(a) Nostro	146,335.66	(b) Nostro	68,686.13
(b) Loro	225,842.32	Interest Due: on Deposits and Current Accounts	917.45
Purchase and Equipment of the Bank	18,014.15	State Dues:	
General Expenses	36,614.15	(a) 5 % Collection	737.16
Expenditure to be Repaid	2,065.28	(b) Interest Received on Current Year's Business	77,138.21
Debtors for Intermediary Business	30,829.55	Commissions	6,211.23
Miscellaneous	7,910.50	Interest for Following Year	70.65
		Suppliers of Goods	18,571.71
		Interest on Deposits and Current Accounts	13,864.90
		Miscellaneous	28,040.92
Total	<u>3,113,244.30</u>	Total	<u>3,113,114.30</u>

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2. — **WARSAW CO-OPERATIVE BANK.** — There is another Central Co-operative Bank in Russia, besides the Moscow People's Bank, namely the Warsaw Co-operative Bank, founded on January 7th., 1910, for the same purpose as the other. The initial capital of this bank was 1,000,000 roubles, in 4,000 shares of 250 roubles each. In 1912 it issued 3,000 new shares, which have all been subscribed, so that the share capital is now 1,750,000 roubles.

The shares are held as follows :

1st. Issue (1910).

1,301	by private individuals.
1,717	popular credit establishments.
611	74 mutual credit societies
193	4 industrial credit banks
97	17 agricultural societies
44	13 distributive co-operative societies
37	various unspecified co-operative societies

2nd Issue (1912)

2,123	by 304 private individuals
3,107	287 popular credit establishments
1,251	87 mutual credit societies
170	21 agricultural societies
76	14 distributive co-operative societies
80	13 unspecified co-operative societies

The Bank's balance sheet showed a total of 4,000,000 roubles in 1910, increased to 6,704,814 roubles in 1911 and to 9,869,527 roubles in 1912.

The following items appeared in it. The figures indicate thousands of roubles.

	January 1st., 1912	January 1st., 1913
Share Capital	1,000	1,750
Reserve Fund	4.7	19.9
Deposits for Fixed Periods	2,087.1	2,192.5
Current Accounts	1,351.2	1,882.6
Savings Deposits.	—	242.9
Correspondents	1,516.6	2,121.9
Profit	73.0	107.8

The total amount of business done in 1910 was 87,000,00 roubles; in 1911, 167,000,000. Among the depositors there were in 1912, 55 popular credit institutions and 2 agricultural societies, which had deposited 1,636,804 roubles for a fixed term,

In 1912 the bank paid the following interest :

(a) on deposits for one year :

made by popular credit institutions 5 ¼ to 5 ½ %
 » private individuals 5 to 5 ¼ %

(b) deposits for six months 4 ¾ %

(c) » three » 4 ½ %

(d) current accounts and savings deposits 4 %.

The rate of discount for the same year was on an average 6.7 % (6 1/4 % for popular credit institutions); 48,481 bills for the amount of 13,859,000 roubles were discounted; of this amount, 10,681,000 roubles represented bills of mutual credit institutions.

In the same year the bank spent 177,000 roubles in purchase of land for its future head quarters. In 1910 a loan and savings bank was started for its employees, and the 56 members had on loan from it 16,236 roubles on the first of last January.

The dividend was 6 1/2 %. The balance sheet for February 1st., 1913 showed the following items.

Debits

Share Capital	1,750,000 roubles	
Payments on Shares of New Issue	7,105	"
Reserve Fund	19,882	"
Deposits for Fixed Periods	2,159,973	"
Current Accounts	1,955,921	"
Savings Deposits	279,623	"
Correspondents :		
(1) Mutual Credit Societies (loro)	554,394	"
(2) " " " (nostro)	24,758	"
(3) Popular Credit Institutions (loro).	896,001	"
(4) Agricultural Societies	28,459	"
(5) Miscellaneous Correspondents (loro)	393,080	"
(6) " " " (nostro)	1,732	"
(7) Correspondents' Bills (loro)	368,148	"
Bills Discounted	399,402	"
Transfers to Bank	47,610	"
Unpaid Dividends	3,803	"
State Taxes	3,168	"
Commissions	56,957	"
" (1912)	193,790	"
Profit and Loss Account	14,938	"
Charges on Real Estate	74,452	"

9,231,646 roubles

Credits

Cash and Current Account	195,609 roubles
Foreign Securities	9,389 »
Documents of Title	164,983 »
Discounted Bills :	
(1) of Co-operative Societies	3,034,476 »
(2) of Private Individuals	664,437 »
Debtors :	
(1) Guaranteed by Documents of Title	484,782 »
(2) Guaranteed by Commercial Bills	314,951 »
Correspondents :	
(1) Mutual Credit Societies (loro)	1,140,145 »
(2) " " " (nostro)	380,881 »
(3) Popular Credit Institutions (loro)	887,613 »
(4) Agricultural Societies (loro)	571,792 »
(5) Miscellaneous Correspondents (loro)	259,472 »
(6) " " (nostro)	54,658 »
(7) Commercial Bills with Correspondents	449,819 »
Furniture	21,178 »
Working Expenses	11,942 »
" " for 1912	11,990 »
Bills Delivered for Payment	241,146 »
Miscellaneous	36,491 »
Real Estate	188,792 »

9,231,646 roubles

(Summarised from *Viestnik Melkovo Kredits* (St. Petersburg). Nos. 9 and 13 of May 1st. and 16th., 1913).

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3. — THE MATERIAL SUPPORT AFFORDED BY GOVERNMENT TO THE POPULAR CREDIT INSTITUTIONS. — On May 8th., 1913, the Government had placed at the disposal of the popular credit institutions an amount of 187,269,100 roubles, 150,007,200 roubles of this sum representing short term loans. Of this latter amount 23,281,000 roubles were for loans secured on pledge. 37,261,900 roubles represented long term loans.

The various loans were distributed as under among the different institutions :

Popular Credit Institutions	Long Term Loans	Short Term Loans	Total
	In roubles		
3,340 Co-operative Credit Societies. . .	28,889,200	115,885,500	144,774,700
3,158 Co-operative Loan and Savings Banks.	3,599,300	21,343,700	24,939,000
158 Zemstvo People's Credit Banks .	2,575,500	9,653,000	12,228,500
5,021 Loan and Savings Banks of the Rural Communes.	1,881,900	3,125,000	5,006,900
12 Unions of Popular Credit Institu- tions.	320,000	—	320,000
Total . . .	37,261,900	150,007,200	187,269,100

In addition to these amounts, the debits of the popular credit institutions are about 114,652,700 roubles, of which 87,181,000 roubles represent capital and 27,471,700 roubles represent short term loans.

(Summarised from *Vestnik Melkovo Kredita*, No. 19 of May 16th., 1923).

Part II: Insurance

GERMANY.

THE REPORT OF THE IMPERIAL INSURANCE BUREAU FOR 1912.

OFFICIAL SOURCES:

BEREICHESBERICHT DES REICHVERSICHERUNGSAMTS für das Jahr 1912 (*Report of the Imperial Insurance Bureau for 1912*). Berlin, Behrend, 1913.

The report for 1912 recently presented to Parliament by the Imperial Insurance Bureau, contains, like its predecessors, a full account of the action of the Bureau in the administrative, judicial and social economic field. As in many respects this action also concerns the farmers, we shall speak in this article of the work done in 1912 by the Bureau in behalf of the rural classes. However, before dealing with the special action of the Bureau with respect to the agricultural insurance institutions, we must mention the functions of a general character assigned to this office by law.

In addition to its ordinary work, the Bureau had in 1912 to prepare regulations for the application of the Imperial Order on insurance; in order to accomplish this heavy task it had to prepare new models for the professional associations, both industrial and agricultural, and new models for their internal regulations; it approved five classifications of risks and published a new list of persons insured against disablement and sickness. It had to prepare new regulations for sickness insurance societies in relation to elections on the principle of proportional votes; finally, it had to modify all the book-keeping of the various institutions of insurance against accidents and disablement and in behalf of survivors, also the sickness insurance statistics have been organised on a new basis.

The Bureau took part in the labours of all the most important conferences of economics and social legislation held last year, with the object

of rendering the first aid service in case of accidents more efficient; it endeavoured to bring the professional insurance associations into relation with the Red Cross institutions, and finally encouraged the union of professional associations in order that an exchange of ideas and experience might lead to useful innovations in the organisation of the various institutions. The professional agricultural associations have formed federations and, as the reports of their annual conferences show, this union and agreement have led to important practical results in the field of prevention of accidents, as well as in that of the supervision of farms, of the system of representation before the insurance offices and courts and finally in that of assistance to labourers victims of accidents.

By virtue of § 105 of the Imperial Insurance Order (1) the insurance bureaux of Stuttgart, Darmstadt, Schwerin, Neu Strelitz and Greiz were suppressed, and their functions transferred to the Imperial Bureau, which similarly extended its supervision to nine other professional associations, one of them industrial and eight agricultural, and two other disablement insurance institutions.

* *

The organisation of insurance against accidents was in 1912 still in a transition phase, since it was only on January 1st., 1913, that the third part of the Imperial Insurance Order came into operation. On the proposal of the Imperial Bureau, and with the approval of Parliament given on October 10th., 1912, a new professional association for gardeners was founded, many of whom had belonged up to then to professional agricultural associations: the new association, the head quarters of which are provisionally at Cassel, is intended for every region of the Empire, except Bavaria, the Kingdom of Saxony, the Grand Duchy of Hesse, the Duchy of Brunswick, the Principality of Schaumburg-Lippe, Bremen, Hamburg and Alsace-Lorraine.

The model rules for agricultural professional associations were published separately for the Prussian and other associations, and their compilation raised the greatest difficulties, for, in conformity with § 1,037 of the Imperial Order, account had to be taken of the laws in force in the other States.

It is interesting to consider the following data, which show the development of agricultural accident insurance in Germany. In 1912, the professional forestry and agricultural accident insurance societies in Germany were 48, and they insured 17,179,000 persons on 5,434,000 farms. In addition, among the 190 Imperial or State offices with about 890,994 persons insured in them, 54 were represented by forestry or agricultural administrations. If we take into account also industrial associations,

(1) See *Bulletin of Social and Economic Intelligence* for May, 1913. In connection with the last Conference of these associations, held at Munich.

there are in Germany more than 28,000,000 persons insured against accidents, but the report remarks that about 3,400,000 persons are included twice in this total amount, since they are persons occupied at the same time in industrial and agricultural work, and thus twice insured.

The accidents in work, whether agricultural or industrial, declared in 1912 were 742,472; the claims paid amounted to about five million marks more than in the previous year and thus exceeded 70,000,000 marks. Altogether 1,168,403 persons, including widows, heirs etc., benefited in this way.

The Imperial Insurance Order lays down strict rules with regard to measures to be taken for the prevention of accidents; in order to supervise their application better, the professional agricultural associations have increased the number of their technical employees engaged in this supervision, from 48 to 51. But the Imperial Bureau expresses a desire for a further increase of this number; in fact, the reports of these technical employees for 1911 show that, thanks to this supervision the number of accidents and especially of serious accidents is constantly and some times even appreciably diminishing.

Thus the average premiums have also diminished, both those based on the number of the labourers and those based on the land tax. In fact, in 1910, the premiums were fixed by the agricultural professional associations subject to the supervision of the Imperial Bureau at 51.34 % of the land tax and at 1.39 % of the amount of wages, whilst, in the previous year, they were respectively 52.85 % and 1.42 %. Yet the report notes that these figures can only give an approximate idea of the amount of the premiums. Thus, in the case of the associations that fix the premiums in proportion to the land tax, it must be remembered that the tax varies in different States. Besides, these associations sometimes fix the premiums for businesses auxiliary to farms, those for farms where the soil is not cultivated, or those for other farms not based on the land tax but on some other system, such as the amount of wages, salaries etc.

In recent years, the Imperial Insurance Bureau has endeavoured also to encourage the professional agricultural associations to undertake to pay for the medical attendance during the first thirteen weeks after the accident, although they are only bound to do so from the fourteenth week. But there is no doubt that the consequences of the accident may be greatly reduced, if the labourer receives immediate attention, under the best conditions for diagnosis and treatment, and, when in 1914, most of the agricultural labourers are also insured against sickness, the sickness insurance societies will be able to realise this desire of the Bureau more easily than the farmer or the professional association has hitherto been. In any case, the instructions already issued by the Bureau to facilitate the organization of this service by the industrial professional associations have been welcomed not only by the associations, but also by the doctors and this year the Bureau will publish special instructions for the agricultural associations.

The number of appeals against sentences in which claims due on account of accident were established were, in 1912 as in previous years, almost twice as many in the case of industrial as of agricultural accidents. In fact, 48,688 appeals were presented in conformity with the law on accidents in industrial work and 21,334 in conformity with that on accidents in agricultural work. The arbitration courts and the superior insurance offices pronounced in favour of the victim altogether in 15.58 % of the cases. In 89.60 % of the cases the dispute was settled by a judgment of the court; in 3.65 % of the cases the plaintiff withdrew and in 3.30 % the parties came to a compromise. The statistical tables accompanying the reports show that compromises are less frequent in the agricultural world. The Imperial Insurance Bureau had to pronounce judgment in 23,001 appeals; the percentage of appeals was greater in the case of disputes in relation to industrial accident insurance (28.76 %) than in the case of these in relation to agricultural accident insurance (16.79 %). In the same way, if we consider separately the cases brought by the insurance institutions, the percentage is higher in the case of industry than in that of agriculture. Of the judgments against which appeal was brought and on which the Bureau had to pronounce, only 4,625 or 25.1 % were entirely or partially reversed. The Bureau held 1,269 sessions during the year and heard 19,741 debates; 223 sittings and 3,344 debates related to the applications of the law on agricultural accident insurance. It must further be noted that, altogether, in 65.9 % of the cases, action was brought on the ground of a change in the condition of the health of the victim of the accident of a nature to call for a revision of judgment in regard to the payment of the allowance; in 13 % of the cases the dispute was as to the degree of disablement; in 4.2 % of the cases the accident had to be proved; the cases in which it was disputed whether the accident was the cause of the disablement were 8.1 %; and, finally, in 35 % of the cases the question was whether the accident were really an accident in work properly so called. Moreover, this latter cause of dispute was comparatively more frequent in the case of judgments with regard to insurance of agricultural than of industrial accidents; on the other hand, the proportion of the appeals for revision of judgment in respect to the claim awarded was smaller in the case of agriculture than of industry.

* *

In the same way, in respect to disablement insurance, the year 1912 was a specially difficult one for the Bureau, as the insurance of heirs had to be organized for the first time, and, on January 1st., 1912, the provisions of the 4th. part of the Imperial Order were already in force. The following figures sufficiently indicate the progress of sickness and disablement insurance in Germany: in 1911 the 31 insurance institutions granted 117,273 sickness allowances, 11,184 sickness allowances, 11,641 old age pensions, 3,336 pensions to widows or widowers, 98 pensions to sick wid-

and 12,479 pensions to orphans; altogether 156,011 allowances being to these the 10,378 allowances granted by 19 other special insurance institutions, we have a total of 166,389 granted during the year. If then consider the allowances granted in previous years we have a total of 2,761,270 allowances. The statistics of recent years show that allowances granted for disablement are becoming continually more numerous than the old age pensions; the sickness allowances for temporary disablement have remained almost invariable in recent years, with an average of about 16,000 a year.

The total amount of claims paid up to the end of 1911 for disablement insurance was 2,272,298,459 marks, of which 203,866,298 marks were paid in 1911. The amount formed by the premiums increased greatly in 1912, in consequence of the new provisions of the Imperial Order and amounted to 270,000,000 marks as against 209,000,000 marks in the preceding year; the report notes that this increase is not merely due to the law raising the premium rate so as to meet the amount due for insurance of heirs, but also to the constant increase of the population of the Empire, the strict administration of the insurance institutes, and also, finally, the continual increase of the insured labourers' wages. It may be foreseen that the income from the premiums will continue increasing and that the insurance institutions will perfectly accomplish the duties assigned to them by the law, in the institution of insurance heirs.

The capital of these institutions at the end of 1912 amounted to about 1,900,000,000 marks, and, as is shown, in the statistical tables accompanying the report, it is continually increasing.

We must observe that, whilst in 1891, about 78 % of this capital was invested in bonds and only 22 % in loans, on the contrary, at the end of 1911, 34.5 % was invested in bonds and 58.7 % in loans; 5.1 % was invested in real estate. The Imperial Order of 1911, which enjoins that henceforth these insurance institutions must invest a fourth of their capital in Imperial bonds, and Federated State bonds, will certainly appreciably alter the above proportions.

The insurance institutes do not confine themselves to paying claims of money, but they also are intensely active in regard to preventive measures, and the care of the sick, the building of sanatoriums, hospitals etc. In 1912, the total expenditure for treatment alone of 47,579 insured persons affected with tuberculosis amounted to 18,200,000 marks. Further, 8,300,000 marks was spent on the treatment of other diseases and 860,000 marks on the cure of the teeth of 31,000 persons. Between 1907 and 1911, the insurance establishments had spent altogether on the treatment of their sick, 205,600,000 marks; and about half these invalids were treated in sanatoriums and hospitals belonging to the insurance institutions. At the end of 1911, the insurance institutions had spent about 30,300,000 marks on the building of hospitals and sanatoriums. In addition, 367,632 marks were specially assigned for the extension of the most improved methods of treatment in the country districts.

The insurance institutes also contribute to the fight against alcohol they encourage insured persons to go into inebriates' homes. In 1912 195 persons were thus admitted into such homes, most of them, that is 86 were admitted at the expense of the Rhine Provinces insurance establishment into special homes, where they were occupied in summer, in agricultural work, in winter in carpentering, lock making, the manufacture of brushes etc., and the results of this system of treatment may be considered satisfactory.

The capital invested at the end of 1912 in loans for social purposes by the insurance institutions amounted to 1,049,284,614 mks.; this amount was distributed as follows: loans for building of labourers' houses 396,303,206 mks.; loans for building homes for the poor, 21,950,820 mks. loans for agricultural credit institutions (for improvement, irrigation works, local road or railway construction, livestock improvement, reforestation etc.), 113,752,114 mks. (1); loans for the building of hospitals, asylums etc., 119,612,876 mks.; direct loans for the improvement of the conditions of the public health, the construction of public baths, slaughterhouses, supply of water, cemeteries etc.; 172,195,907 mks.; loans for the spread of education and popular instruction, 86,577,865 mks.; loans for the realisation of other benevolent objects, 140,891,826 mks.

Finally, the report under consideration also contains detailed statistics of the legal decisions of the Imperial Bureau; we shall only mention that the number of appeals is decreasing; in 1912 it was 5,069 against 5,93 the preceding year; 96.1 % referred to disablement insurance cases 91 % to old age insurance cases and 2.98% to cases connected with insurance of heirs.

As in the preceding year most of these appeals were presented by the insured or by the Silesian Insurance Institution.

(1) Of this amount 108,863,814 mks. were paid by the provincial institutions and 4,888,500 mks. by special institutions.

NORWAY.

FOREST INSURANCE IN NORWAY.

OFFICIAL SOURCES:

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REGLEMENT FOR DET NORSKE GJENSIDIGE SKOGBRANDFORSIKRINGSSELSKAP (*Rules of the Norwegian Mutual Society for Insurance against Forest Fires*). Christiania, 1913.

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ETERMAN (G. I.): Prågan om skogsbrandförsäkring (*The Question of Forest Insurance*); in "Mercator", No. 14, 1913. Helsingfors, 1913.

o.: Skogsbrandförsäkringen i särskilda länder (*Forest Insurance in Various Countries*). in "Mercator". No. 15, 1913. Helsingfors, 1913.

o.: Skogsbrandförsäkringen i Norge (*Forest Insurance in Norway*), No. 16, 1913, Helsingfors, 1913.

§ I. INTRODUCTION.

The insurance of forests against fire is generally very badly organized and in addition is very unusual.

The importance of it is, however, incontestable. Without speaking of the great influence forests have on the climate and the water system, in many countries their commercial value is also great and they often constitute the most precious portion of the real estate.

The damage done by fires must be considered as one of the principal causes of deforestation, on account of their frequency and their disastrous consequences. And when we consider that for the good organization of a forestry business a long period is required and that preventive measures, although often very effectual, are not sufficient protection against the risk of fire, we understand clearly the danger of the insufficient development of this branch of insurance for the forest proprietors.

A well organized system of forest insurance, besides compensating for losses, would make credit on mortgage on forests possible, and this in its turn would allow of a more scientific exploitation.

As they cannot contract mortgage loans, the proprietors are often obliged to sell their wood before the trees are of the size required for felling in accordance with scientific principles, that is to say under disadvantageous conditions.

The insufficient development of forest insurance is above all to be attributed to the want of reliable statistics with regard to forest fires. And then the large commercial companies have generally been alarmed at the frequency of fires and the difficulty of fixing the premium rate. They have therefore raised it excessively and often completely refused to insure forests. The serious losses have also discouraged the mutual societies engaged in this branch of insurance.

There is no uniformity in the clauses in the contracts of societies undertaking forest insurance. As regards the object of the insurance, to begin with, there are great differences. Some societies only insure the cost of reforestation, others only trees ready to be felled. Some societies insure forests of all sizes as well as the soil. The Norwegian Society, the organization and work of which will form the subject of this study, limits itself to insurance of the soil and of young plantations.

Let us add that it is only in a few countries: in France, Denmark, and Norway, that special societies for forest insurance have been formed. In other countries, forest insurance is undertaken by the ordinary fire insurance societies.

The organization of forest insurance in France formed the subject of a long study in the number of this *Bulletin* for last March. The Danish society for the insurance of plantations (*Dansk plantageforsikrings-selskab*), founded in 1902, on the initiative of the large Danish society for the plantation of moorlands (*Det danske Hedeselskab*), only assures the cost of reforestation of the forests under the supervision of the society, covering an area of 25,000 hectares at the end of 1912. Its importance is thus very limited.

In Norway, on the contrary, a society has just been founded, the activity of which is already considerable.

§ 2. THE EXTENT AND VALUE OF THE NORWEGIAN FORESTS.
PREVENTIVE MEASURES FOR THEIR PROTECTION.

The better to show the importance of the foundation of the Norwegian Society, we must first give a summary account of the area and value of the forests in Norway and state briefly what has been done by the authorities and by private persons to hinder fires breaking out and extending in the forests.

According to the latest statistical data, Norway has an area of 22,909 sq. kms., of which 69,114 sq. kms. or 21.4 % are covered with forests. The productive forest area, that is to say, exclusive of marshes and peat bogs is 56,922 sq. kms. The forests consist, for 61.4%, of resinous trees, and for 21.1%, of leafy trees; 17.7 % of their area is unproductive.

The area of the productive state forests is 8,579 sq. kms. or 12.4 %. The semi-public forests of Norway, that is to say such as belong to rural communities, cover an area of 1,755 sq. kms. or 2.5 %. The rest of the productive forest land belongs to private persons.

In 1907, the value of the Norwegian forests was estimated by the Manager of Forests at 570,000,000 crowns (1), or between 20 and 25 % of the total wealth of the nation. But this value has considerably increased since then. In 1911, Norway exported wood, wood pulp, cellulose and paper for an amount of 99,101, 200 crs. (34.33 % of the total export).

§ 3. PREVENTIVE INSURANCE.

Forests therefore play a very important part in the economy of the country, and we shall have no difficulty in understanding the vital interest of every means that may serve to preserve the forest wealth of Norway and protect it against any danger menacing it.

One of the chief is the restricted use of fire in the forests and fields. In regard to this, the Government, by law of July 14th., 1893, completed another law of July 27th., 1899, has provided as follows :

"In time of drought and when the wind is strong, it is forbidden to kindle fires in forests or in fields, in places or under conditions that may lead to forest fires.

In June, July and August, the burning of forest debris and peat is completely forbidden; in other months it is forbidden to the tenant of a farm or a forest unless with the consent of the owner.

When a proprietor or a tenant, while conforming with the provisions of the former paragraph, desires to burn peat or forest debris, etc., he

(1) Crown = 1.39 fr.

must, before he lights the fire, make a fire belt and take all other necessary precautions to prevent the fire reaching the forest or the heath.

In June, July and August, it is forbidden to kindle fires unnecessarily in forests belonging to other people, without the consent of the proprietor or the tenant of the land.

No person who has kindled a fire in a forest or a field may leave it before it is completely extinguished.

The cantons may, by means of resolutions approved by the King, issue regulations for the prevention of forest fires or their extinction.

Any infringement of these orders will be punished in accordance with the law."

In the regulations in connection with forest fires adopted by the cantons, the latter are divided into districts, each of them placed under a district head. Every forest proprietor is bound to maintain a certain number of men, varying with the extent of his land, and to provide for their complete equipment. The direction of the work of extinguishing fires is undertaken by the head of the district, who has the right to call on every labourer able to work, living within the limits of the canton, to assist in extinguishing the fire.

Most of the forest cantons of Norway (about 75 %) have already issued regulations with regard to forest fires.

By the side of these communal organizations for the extinction of forest fires, most of the large forest proprietors have organized their labourers and given them strict instructions with the object of making them more circumspect when they light fires in forests or in the fields, urging them to watch that other persons do not kindle fires.

On the summits of the highest mountains, in the forest districts, the State, the communes and private individuals have also established lookout stations where a watchman is on guard night and day in the summer months. These stations are provided with telephones, telescopes, compasses, maps, etc.

§ 4. INSURANCE OF COMPENSATION.

Up to 1911, forest insurance was of hardly any practical importance in Norway. Some Companies had indeed arranged special clauses for this branch of insurance, but without gaining many adherents. They only insured forests ready for felling and the policy holder had himself to undertake 25 % of the risk. The premiums were 2 % for leafy forests and 2½ % for resinous forests.

The summer of 1911 was exceptionally dry. Not a day passed without some fire of greater or less importance in the forests, and thence arose the necessity of solving the problem of forest fire insurance by private enterprise.

In the month of June in that year the problem was submitted to certain number of forest land owners. The necessary material was collected, a meeting of those concerned was held and the idea of founding a special forest fire insurance society was unanimously approved. In September 5th., 1911, a commission was formed, consisting of the residents of some of the most important forest proprietors' associations and forest societies. On November 15th., the commission had terminated its work and had obtained the adherence of 50 of the chief forest proprietors of Norway, representing alone 190,470 hectares of forest, valued at 24,730,000 frs.

A further amount of 17,075,000 francs was assured before January 20th., 1913. The general meeting for the constitution of the society was held on February 20th., and a month later the *Norwegian Mutual Fire Insurance Society* (Det norske gjensidige skogbrandforsikringselskap) issued its first policy.

§ 5. THE ORGANISATION OF THE NORWEGIAN MUTUAL FOREST FIRE INSURANCE SOCIETY.

As indicated in its name, the society is based on mutual principles. In respect to the object of the insurance it has introduced a novelty. We have already noted in passing that it only insures young plantations and the soil. It bases its calculations on the fact that in case of fire it is chiefly the young copsewood and the soil that suffer, whilst the trees ready for felling in general run less risk. As they further represent a very high value, their insurance is less advantageous in comparison with the premiums to be paid.

In determining what is to be understood by young plantations, the society is guided by the forestry regulations which have been introduced in several cantons, as a result of the law of August 8th., 1908 on forest protection and the measures for the prevention of deforestation (Lov av den 8 august 1908 om vevnskogens bevarelse og mot skogens ødeleggelse). In accordance with this law, the provincial assemblies may decide on the establishment of "forest rules" for a canton, especially fixing the minimum size of the trees to be cut. In the cantons in which there are no "forest rules", the maximum limit fixed by the society for insurance is 5 metres height and 15 centimetres diameter.

All applications for insurance must be forwarded in writing and on special forms. The proprietor must himself indicate the value of his forest and furnish as detailed information as possible on all circumstances which may affect the insurance. The society has always the right to check these figures.

In calculating the value of a forest, the society takes into consideration :

1. The size of the forest assured ;
2. The rapidity of its growth ;
3. The conditions of exploitation ;
4. The density.

The society compensates for all losses caused, within the area shown on the policy, by fire or lightning or by the measures taken with a view to extinguishing the fire, but if the forest suffers damage in the course of a war or a riot, no compensation is to be given, unless the policy holder can prove that the damage is not due, directly or indirectly to the causes mentioned. The society gives no compensation for expenditure incurred by the policy holder in extinguishing the fire.

The cost of the new plantation after the fire is not included in the insurance unless a clause to that effect is specially inserted in the policy.

In the cantons where there are no rules with regard to forest fires the management of the society may refuse to accept risks or may cancel them at any moment.

As a general rule, the person insuring must insure all his forests, certain exceptions may, however, be made with the consent of the management.

As the losses in this branch of insurance vary much from year to year, the society demands that the forests be insured for at least 5 years.

The compensation is based on the declaration of the land holder and the reports of the society's inspectors.

At the request of the person concerned, the amount of the loss may also be estimated by two special appraisers, who, in case of difference of opinion, choose a third.

The society does not insure against losses by which less than a hectare is affected. Exception is, however, made in the case of those policy holders whose forest land is altogether less than 50 hectares. In their case, the limit is fixed at half a hectare.

The insurance must not be a source of profit. The policy holder may only claim compensation for the decrease in real value through the loss against which he is insured. Nor must account be taken of future advantages the realisation of which has been hindered by the disaster, nor of indirect losses, as, for example, that caused by the suspension of business or of the exploitation, in consequence of the loss suffered.

The premiums are annual and payable in advance. If it is required, the policy holders are bound to pay at the end of the year a supplementary premium, which, however, may not exceed three times the amount of the original premium. There the liability of the members stops.

The premiums are fixed at present as follows :

For forests situated in cantons with regulations in regard to forest fires, the premium is 1.25 % and in the other cantons 1.75 % per ann.

supplementary premium of $\frac{1}{2}$ % at most is asked in the case of forests situated in the cantons that have regulations, but in places where the statistics of the society have revealed a greater risk of fire (for example in the neighbourhood of towns).

For forests crossed by railways no additional premium is paid; the railway company being bound to compensate, if it is found that its engines have caused the fire.

Although its premiums are fairly low, the society hopes to be able to reduce them after some years of trial, above all if it succeeds in obtaining further adhesions. The employment of preventive measures against fire will also have a great influence on the amount of the premiums; so the society is working for the introduction of rules with regard to forest fires in those cantons which have none yet.

§ 6 RESULTS OF THE WORK OF THE NORWEGIAN SOCIETY

The society has just published its first annual report. It is highly interesting, although definite conclusions cannot be drawn from it. At the end of 1912 an area of 553,259 hectares of forest had been insured or 44,955,797 crs. In January and February the assured value increased by about 5,000,000 crs. and the society hopes at the end of the year to raise it to 65 or 70 million crowns. The total area of the forests in the 11 departments to which the society has as yet extended its action is 5,583,291 hectares, or ten times the area insured. This proportion is quite remarkable, above all as the society has only been working for ten months and the uninsured State forest land in these departments covers 343,900 hectares.

The following table shows the importance of the risks insured in the various departments.

Department	Total Area of the Department in Hectares	Insured Area in Hectares	Proportion of the Insured Area to the Total Area	Amount Insured in Crowns	Average Value per Hectare in Crowns	Premiums in Crowns	Average Premium %
Gemeleene	237,090	35,161	14.83	3,696,130	103.4	4,693.37	1.33
Almehus	351,093	76,323	19.69	8,964,484	120.9	11,291.10	1.33
Hedenmarken	1,396,614	294,310	21.03	19,631,102	66.7	24,960.40	1.07
Kristians	645,171	51,359	7.99	5,765,112	111.8	7,415.30	1.26
Buakerud	577,413	43,714	7.57	4,379,808	100.0	5,812.33	1.30
Jarlsberg	147,188	1,689	1.13	196,390	116.3	263.05	1.35
Bratsberg	586,948	33,939	5.76	1,082,289	58.5	2,515.85	1.24
Nedene	345,608	3,703	1.07	244,100	65.9	314.15	1.26
Lister and Mandal	171,904	1,670	0.97	156,450	93.7	227.75	1.36
South Drontheim	489,737	8,221	1.68	131,942	16.1	208.85	1.34
North Drontheim	630,612	8,966	1.47	327,993	35.6	410 —	1.19
Total . . .	5,563,391	555,450	9.91	44,955,797	81.3	58,332.07	1.29

Among the members there are 24 cantons which have insured communal forests of an area of 34,472 hectares for an amount of 2,254,152 crs.

The premiums collected in the first working year amounted to 58,332 crs. the compensations to be paid being only 270 crs., 40,000 crs. could be placed to the reserve fund.

We give here the profit and loss account of the Society for January 1st., 1913.

Profit and Loss Account.

Revenue.

Premiums	crs. 58,332.07
Other Payments	286.75
Interest	crs. 58,618.82
	1,037.58
	<u>crs. 59,650.40</u>

Expenditure.

Claims	crs.	270—
Administration		
Salaries	crs.	8,691.67
Postal and Telephone Expenses		868.03
General Expenses		3,106.72
Advertising		722.61
Commissions		836.57
Expenditure for Travelling and Inspection	crs.	14,225.60
Rent		862.24
Supervision		600—
Placed to Premium Reserve Fund		250—
Balance		15,000—
		28,448.56
	crs.	<u>59,656.40</u>

The balance, or 28,448.56 crs., was utilised as follows:

Extinction of Debt on Personal Estate	crs.	1,007—
Payment in full of Working Expenses		2,388.82
Placed to the Special Reserve Fund		25,000—
Balance Brought Forward to Next Year's Accounts		52.74
	crs.	<u>28,448.56</u>

The Balance Sheet for January 1st., 1913 showed the following items:

Credits.

Book Debts	crs.	552.46
Furniture		100—
Deposit in the Central Bank of Norway		39,187.58
Cash		242.70
	crs.	<u>40,052.74</u>

Debits.

Special Reserve Fund	crs.	25,000—
Premium Reserve Fund		15,000—
Balance Brought Forward		52.74
	crs.	<u>40,052.74</u>

Part III: Credit

ITALY.

PROPOSED REFORM OF THE LAWS OF AGRICULTURAL CREDIT IN SOUTHERN AND INSULAR ITALY.

SOURCES:

NALI DEL CREDITO E DELLA PREVIDENZA, n. 99, 1912: Atti della Commissione per la riforma della legislazione sul credito agrario nel mezzogiorno continentale e nelle isole. Ministero di agricoltura, industria e commercio. Direzione generale del credito e della previdenza, della cooperazione e delle assicurazioni sociali (*Annals of Credit and Thrift*, no. 99, 1912: *Proceedings of the Commission for the Reform of the Laws on Agricultural Credit in the Provinces of the Southern Mainland and the Islands. Department of Agriculture, Industry and Commerce, General Management of Credit, and Thrift, Co-operation and Social Insurance*). Rome, National Press of G. Bertero and Co. 1913.

During the debate on the bill on provincial agricultural credit banks (1) the Chamber of Deputies on December 14th, 1910, a resolution was adopted inviting the Government to present a bill to harmonise the provisions in force in relation to credits for farm purposes in the Provinces of Southern Mainland and the Islands and to extend this credit to agricultural improvements.

In accordance with this resolution, the Minister of Agriculture at the time, the Hon. Giovanni Raineri, appointed a special commission to study the problem and make proposals for its solution. This led to a proposal for a bill presented to the present Minister, the Hon. Signor Nitti, by the President of the Commission, Commendatore Vincenzo Magaldi. As this bill is of the first importance for the question of agricultural credit in Italy we think it well to give it here in outline.

[1] See in this connection our article: "Provincial Agricultural Loan Banks and the question of credit in Italy", in this Bulletin, April, 1911, p. 223.

§ I. LAWS IN FORCE IN REGARD TO AGRICULTURAL CREDIT IN THE PROVINCES OF THE SOUTHERN MAINLAND AND THE ISLANDS.

We know that a large number of laws now regulate agricultural credit in the provinces of the Southern Mainland and the Islands. There is one above all, which, as regards the South, may be considered general, as it applies to the whole Southern Mainland as well as to Sardinia. This is the law no. 334 of July 7th, 1901, which, entrusts the conduct of agricultural credit business to the Savings Bank of the Bank of Naples. The law no. 383 of July 15th, 1908, is of the same character; it institutes provincial agricultural credit bank in each of the provinces of the Neapolitan, Sicilian and Sardinian cadastral departments. This law was later amended by another, no. 70 of February 2nd, 1911, which assigned the management of the above provincial banks to the Savings Bank of the Bank of Naples and the Agricultural Credit Department of the Bank of Sicily.

There is besides a long series of laws dealing with the diffusion of agricultural credit in each of the regions of the Southern Mainland and in each of the Islands. They are, in order of date:

The law, no. 140 of March 31st, 1904, constituting the Provincial Agricultural Credit Bank of Basilicata;

The law, no. 100 of March 29th, 1906, instituting an Agricultural Credit Department in the Bank of Sicily;

The law, no. 255 of June 25th, 1906, founding the Victor Emmanuel III Agricultural Credit Institute for the Provinces of Calabria;

The law no. 562 of July 14th, 1907, merged in the final text of the law no. 844 of November 10th, 1907, which gave means and new attributes to the *Casse ademprivili* of Sardinia;

The law no. 445 of July 9th, 1908, amending the above laws of March 31st, 1904, for Basilicata, and of June 25th, 1906, for Calabria.

These laws have common characters of considerable importance. They in fact provide for the establishment of a central institution intended to furnish the necessary funds for the conduct of agricultural credit business and the foundation of a large number of local institutions working as intermediaries between the Central Institute and the farmer. The law relating to Calabria alone has not such a character and is in this respect an exception. But all the same the various laws present certain fundamental differences.

The most important is in connection with land improvement credit. In fact, the Provincial Agricultural Credit Bank of Basilicata and the Sardinian *Casse ademprivili* are authorized to conduct, in addition to agricultural credit business for working purposes, also certain agricultural credit operations for land improvement. On the contrary, the Savings Bank of the Bank of Naples and the Agricultural Credit Department of the Bank of Sicily can only conduct credit operations for working purposes.

ses. This deprives the greater part of the Southern Mainland and Sicily improvement credit, the need of which is recognized for the whole of agriculture of the South.

We also find considerable differences in the various laws, with regard agricultural credit for working purposes. Thus, as we have seen, the law for Calabria deviates from the fundamental principles of the distribution of credit to farmers by a central establishment through local institutions. It, indeed, authorises the Victor Emmanuel III Institute, in the ordinary course and not by way of exception, like the Savings Bank of the Bank of Naples and the Agricultural Credit Department of the Bank of Sicily, to make direct loans to the farmers, charging special payments to receive their applications.

There is another difference, namely the following: in conformity with the 1901 and 1906 laws above mentioned, in order to grant the intermediate institutions credit, the Central Institute opens a current account for them. They may make use of it either to get the bills the farmers present them rediscounted by the Central Institute or those they pass directly for special purposes discounted. According to the laws regarding the Sicily and Sardinia, credit is granted to the intermediate institutions directly by means of advances. In their turn they then undertake for their own account to grant agricultural loans without further intervention of the part of the central institute.

There are in the various laws other differences of less importance with regard to the amount and period of the loans, the number and character of the objects for which they can be granted and their renewal. The differences we have pointed out above are not due to special local conditions but are most often improvements introduced by later laws on the provisions of the earlier laws; it therefore seems advisable to get rid of the differences.

The Commission for the study of the reform of the laws on agricultural credit came to two conclusions: 1st, the necessity of providing land improvement credit for all the provinces of the Southern Mainland and the islands; 2nd, the advantage of rendering the rules for the concession of credit for working expenses uniform in the various regions.

It is with a view to satisfying these two needs the Commission has drafted the bill we are about to examine.

2. PROPOSALS FOR REFORM OF THE LAWS ON AGRICULTURAL CREDIT.

The first proposal, which is also really fundamental, refers to the institution of two autonomous Institutes for the conduct of agricultural credit business, one for the Southern Provinces and Sardinia and the other for Sicily. The head quarters of the first would be at Naples and the second at Palermo.

These Institutes would be entrusted indifferently with all agricultural credit business, both for working and improvement. It has not in fact been considered desirable to assign to different institutions the conduct of these two forms of credit business, which must mutually complete each other.

Yet as the above Institutes could not work for so vast an area if they had only their head establishments, they are allowed to open branches. For the purpose, at first, some of the agricultural credit establishments already existing will be made use of, such as the Provincial Bank of Basilicata, the Victor Emmanuel III Institute for Calabria with its three offices at Catanzaro, Cosenza and Reggio Calabria, and the *Casse ademprivili* of Cagliari and Sassari.

The funds placed at the disposal of these two Institutes to allow of carrying out their programme which we shall give below, include, in the first place, all the amounts the various laws now in existence assign for agricultural credit operations in each region. When these are exhausted, the Deposit and Consignment Bank will be authorized to grant the two Institutes advances up to twice the amount of their initial capital. As it is reckoned that this initial capital with the above advances will only place 70 millions at the disposal of these new Institutes, an amount not corresponding with their needs, the Commission has proposed that the above Agricultural Credit Institutes for the South and Sicily should further be authorised by Government to issue agricultural bonds, redeemable and bearing interest up to the amount of five times their capital.

To obtain this authorization they must prove they possess mortgage credits corresponding with the amount of the loans they grant for land improvements and representing an amount equal to that of their initial capital. This issue of bonds will provide them with the funds necessary for the grant of loans for land improvement.

The loans granted for working purposes have already reached an encouraging amount and can but increase with the execution of the land improvements. In order to assure these Institutes of the means for granting them in sufficient degree, the Commission proposes to authorize the Savings Banks of the Bank of Naples and of the Bank of Sicily to rediscount the bills of the Institutes the foundation of which is contemplated, the first up to the amount of one fifth and the second up to that of three tenths of their deposits.

The Victor Emmanuel III Savings Bank for the provinces of Sicily with headquarters at Palermo, is also authorized to grant loans to the Sicilian Agricultural Credit Institute up to the amount of one fifth of its deposits. In exchange the latter Institute will cede its bills to it. Finally the said Institutes would be allowed to cede their bills in case of need also to other establishments.

After these notes on the financial organization of the above Institutes we shall give the regulations proposed for their agricultural credit business.

(a) Provisions with regard to agricultural credit operations for working purposes.

Conformably with the new organization proposed, the agricultural credit institutes for the Southern Mainland and the Islands would be authorized first of all to conduct the following operations :

1st. Discounting bills ceded by the intermediary establishments and issued by the farmers in connection with harvesting, cultivation, seeds, manure, anticryptogamic substances, remedies or insecticides, as well as for obtaining live or dead stock and for payment in anticipation of farm rents owing to the borrowers being members of collective farms etc.

The maximum amount of the above loans is 1,000 frs. and the term for which they are granted may not be more than one year, except in the case of loans for biennial crops and for the purchase of manure. In these cases the period may be extended to two years.

Exception is made in the case of loans for the purchase of livestock, machinery, etc., the maximum limit for the amount of each of which is 5,000 frs. and for the term 3 years.

However, the Institutes in question have power, in certain cases, either to grant loans in favour of certain persons, or of a whole agricultural region, in which extensive cultivation prevails, for a higher amount, but only up to that of 5,000 frs.

2nd. A second group of operations authorized would consist in opening current accounts in favour of intermediary institutes and discounting bills issued directly by them for the purpose of collective purchase and sale of agricultural produce, for collective purchase of machinery and implements to be hired out to members and for the payment of rents in advance due to the foundation of collective farms.

According to the proposal in question, the operations of which we have just spoken would then be indifferently performed in all the sections, by means of intermediary institutions, legally constituted under the form of ordinary societies or co-operative societies or incorporated bodies. It is only as an exception that operations may be directly entered into with the farmers.

Further the intermediary organizations, whatever their form or title, will be able to perform all these operations in kind or in money.

These two Institutes will grant their loans at the maximum rate of 4½ % and the difference between the rate they charge and that charged by the intermediary institutions in their dealings with their members may in no case be more than 2 %.

(b) Provisions with regard to loans for agricultural improvements.

In conformity with the proposed regulations, the loans would be exclusively granted for the following ends :

1st. The construction on the farms of buildings for dwelling houses, stables and for storage and manipulation of agricultural produce ; the construction of roads for farm use ; the execution of works for

supplying the farms with drinking water and for irrigation, arranging and draining the land and surrounding unenclosed farms with walls or hedges;

2nd. Plantation of ligneous trees (olives, almonds, vines, various kinds of fruit trees, etc.).

These are real agricultural improvements properly so called. A third object to be attained may be added, in itself not a work of improvement but, on the contrary, one the realisation of which already is presupposed in works of improvement. It is the purchase by the agricultural co-operative societies of *latifundia*, in order to divide them in lots.

This reason for advances was specially admitted in consideration of the peculiar requirements of Sicily. There, in fact, the agricultural co-operative societies show a more and more manifest tendency to purchase collectively, which the Commission for study we have already several times mentioned, considers highly deserving of encouragement, for it thinks that only the subdivision of the land can lead to land improvement in Sicily.

The loans granted for the above ends will be redeemable in a period of three years at least and thirty years at most, by means of instalments of principal and interest. Yet, when the term of the loan is over fifteen years, the borrower will only pay interest for the first five years; he will repay the principal during the rest of the period agreed on for the total extinction of the debt. The borrower has, on the other hand, power to pay off his debt before the time.

The borrowed capital will be advanced in instalments in proportion as the work for which it is intended is completed. The credit institute will not be able to charge a higher interest than $2\frac{1}{2}\%$ on it.

But, to obtain a loan, the applicant must prove that he has an unencumbered estate of at least twice the value of the sum applied for. The proof once given, a mortgage on the borrower's land shall be registered in favour of the Institute lending, for an amount equal to that of the loan together with interest for two years.

Further, the two Institutes, that of the South and that of Sicily, may in order to secure themselves, stipulate, in their contracts for loans, for a special preference mortgage on the additional value acquired by the farm through the improvements made on it.

In consequence of this preference mortgage, for whatever reason they have granted a loan, these Institutes will have preference over all creditors even those previously registered.

In case the amounts lent are diverted from their agricultural destination or if by fraud or through the fault of the owner of the land improved, the value of the improvements diminishes by at least a tenth, the Institute lending may demand the cancellation of the contract and the immediate repayment of the loan.

Finally, according to the regulations proposed, the deeds relating to agricultural improvements will be exempted from all stamp and registration duties and charges for mortgage registration, and the additional amount of revenue from the above improvements shall not pay income tax for a period of ten years.

2. MISCELLANEOUS NEWS.

1. — REGULATIONS FOR THE APPLICATION OF THE LAW OF JULY 6TH., 1912, IN AGRICULTURAL CREDIT IN LIGURIA. — The *Official Gazette* of the Kingdom of Italy (No. 110, May 12th., 1913) publishes the regulations approved by Royal Decree of January 9th., 1913, for the execution of the law No. 802, of July 6th., 1912, on Agricultural Credit in Liguria.

We have already given the fundamental principles of the above law in the number of this Bulletin for February, 1913, p. 57. We have only now to summarise briefly the most important provisions in the Regulations.

Intermediary Institutions. — The reader will without doubt remember that the law of July 6th., 1912 founded a special agricultural credit institute in Liguria, which it endowed with an initial amount of 500,000 frs., and the headquarters of which it fixed at Porto Maurizio. According to the system adopted for similar establishments in the South of Italy and the Islands, the law established that the credit should be distributed to the farmers not directly, but through intermediary institutions. The following institutions are authorized to assume the office when their rules answer the requirements of the central institute: agricultural banks, rural banks, consortiums, and agricultural syndicates, whether constituted under the form of incorporated bodies or under that of co-operative societies.

In addition, any other legally constituted establishment, including in its functions the conduct of agricultural credit business, may act as an intermediary institution.

These institutions must have their headquarters in the provinces of Porto Maurizio and Genoa and shall restrict their agricultural credit business to the territory of the judicial district in which they are situated.

Yet, the credit institute for Liguria may be authorized to deal directly with the farmers in the communes where there are no intermediary institutions or else where these are not working or cannot conveniently undertake the business.

The authorization will be given on the proposal of the Minister of Agriculture, Industry and Commerce, by special Royal Decree for one or more communes.

Rules for agricultural credit operations. — The Agricultural Credit Institute for Liguria may in the first place conduct the following operations:

1. Discounting of bills ceded by intermediary institutions and issued by farmers for one or more of the following objects:

- (a) for cultivation;
- (b) for harvesting;

(c) for seed ;
 (d) for manure ;
 (e) for remedies, insecticides and anticryptogamic substances ;
 (f) for supplying the farms with live or dead stock, machinery or farm implements, plant for the manipulation and preservation of agricultural produce and all farm requisites (1).

For none of the purposes indicated above and for no farm may the maximum amount lent exceed 1,000 frs., nor the period one year, except in the case of biennial crops and loans for purchase of manure, in which case the term may be extended to two years.

Exception is further made for loans for the purchase of animals, machinery, live or dead stock, implements and plant, for which the maximum amount is 3,000 frs. and the maximum term three years ;

(g) for hire of implements and machinery ;
 (h) for advances on deposit, given as pledge, of certain agricultural produce of easy conservation, in collective warehouses.

These advances must be in proportion to the value of the produce given in pledge. And, in particular, advances may be made :

on cereals, up to 75 % of their current value ;
 on wine, vinegar, alcohol etc., up to 40 % ;
 on oil, up to 60 %.

These advances may not be made, for a longer term than one year.

II. Opening of current accounts in favour of the intermediary institutes or discounting of bills issued directly to obtain the funds necessary for the accomplishment of one of the following objects :

(a) purchase of farm requisites ordered from them or advances on application in cases of collective sale of agricultural produce ;

(b) provision for the ordinary needs of the farm worked by the institutions in question ;

(c) purchase, on account of the society, of machinery and implements to be leased to members etc.

The above operations of agricultural credit can only be conducted in behalf of the following persons: 1st. landowners, tenants on long lease and usufructuaries directly working their farms; 2nd. metayers or partial metayers; 3rd. tenant farmers working their farms and not subletting them. And the farm for which the loan is requested must be situated within the district in which the institution to which application is made conducts its real business.

(1) In guarantee of the loans for the purposes indicated under letter (f), the lending Institute has the right to demand in its own favour a special preference mortgage, in accordance with the law No. 4,276 of January 23rd., 1887, which we have already had occasion to refer to several times in the course of our articles on agricultural credit. The deed by which this preference mortgage is constituted, must contain an engagement to apply the material or use the sums borrowed exclusively for the agricultural object indicated in the application.

The Institute may not ask interest above $4\frac{1}{2}\%$ and the difference between the rate it charges and that asked by the intermediary institutions from their members may in no case, exceed $1\frac{1}{2}\%$.

Further the loans shall be so regulated that those granted for a special crop shall be repaid at the date of the harvesting of that crop.

The lending Institute may, however, in certain cases, prolong the term little, so as to prevent the selling price of the article falling on the market.

Finally, preference will be given to applications for loans for the smallest sums offering the highest security. Applications will not be accepted from those who have delayed repayment of previous loans, or who have at a case brought against them by the lender for breach of contract.

Subsidiary operations of the agricultural credit institute of Liguria. — The agricultural credit institute of Liguria may increase the funds at its disposal for the conduct of agricultural credit business by accepting savings deposits and issuing bonds at fixed maturity.

It will further be able to rediscount its own bills and may be authorized so to conduct other operations laid down in its rules, which will serve to put it in a position to satisfy the requirements of the agricultural economy of the region in which it works.

* * *

2. — **OFFICIAL ENQUIRY INTO SAVINGS IN ITALY.** — Among the establishments that collect savings in Italy the most prominent are the ordinary savings banks and the post office savings banks (1). To collect savings is the principal office of these establishments and the end for which they were created. They also occupy themselves with the investment of the amounts received in deposit so as to be able to pay the depositors interest. Their credit business then is a means by which they are enabled to perform their debit operations. In view of their importance in the national economy, the General Management of Credit and Thrift at the Department of Agriculture, Industry and Commerce, has judged it advisable to make a special statistical study of these organizations and to publish the results (2).

The enquiry was extended to all the ordinary savings banks and other legally constituted credit establishments receiving deposits and obliged by law to publish their accounts.

(1) See *Bulletin of Social and Economic Intelligence*, February, 1913, pp. 66 et seqq.

(2) See: "Annali del Credito e della Previdenza", Serie II, vol. 2. Notizie statistiche sul risparmio in Italia negli anni 1911-1912. — Parte I. Casse di risparmio e Monti di Pietà; Ministero di Agricoltura, Industria e Commercio: Direzione generale del Credito e della Previdenza. (*Annals of Credit and Thrift*, IInd Series. Vol. 2. *Statistical Information on Savings in Italy in 1911-1912* 1st Part: *Savings Banks and Pawn Establishments*, Department of Agriculture, Industry and Commerce: *General Management of Credit and Thrift*), Rome, National Press. G. Bertero and Co. 1913.

This enquiry shows first of all the marvellous increase in the savings deposits, deposits in current account, and deposits in exchange for bonds at interest between 1830 and 1910. This increase is as follows, in millions of francs.

I. In ordinary savings banks :

1830	6.3
1840	21.4
1850	42.5
1860	157.7
1870	347.7
1880	686
1890	1,186.7
1900	1,504.9
1910	2,479.8

II. In post office savings banks :

1876 (1)	2.4
1880	46.3
1890	310.5
1900	682.1
1910	1,773.6

At the end of 1910 the total amount of deposits received by the ordinary Savings Banks and the Post Office Savings Banks amounted therefore to the considerable sum of 4,253,400,000 frs.

As respects the geographical distribution of the ordinary savings banks we find Northern Italy has 36; 15 of them in Piedmont, 3 in Lombardy, 4 in Liguria and 14 in Venetia.

Central Italy has 122; 39 in Emilia, 14 in Tuscany, 48 in the Marches, 10 in Umbria and 11 in Latium.

Southern Italy has 25; 10 in the Abruzzi and Molise, 4 in Campania, 7 in Apulia, 3 in Basilicata and 1 in Calabria.

Sicily has 3.

The savings banks, therefore, working on December 31st., 1912 were 186 in number.

With regard to the various classes of deposits, let us observe that while there are no savings banks that do not receive savings deposits, some only receive deposits in current account and in exchange for interest bearing bonds. In fact, in North Italy there are 18 banks which receive savings, in current account: 10 in Piedmont, 3 in Liguria, 1 in Lombardy and 4 in Venetia. There are 65 in Central Italy, 20 in Emilia, 13 in Tuscany, 20 in the Marches, 7 in Umbria and 5 in Latium. In South Italy only 10 banks

(1) Year in which postal savings banks were introduced into Italy.

sive deposits in current account, thus distributed: 3 in Abruzzi, 2 in Campania, 3 in Apulia, 1 in Basilicata and 1 in Calabria. There is only one in Sicily. There are therefore altogether 94 savings banks that receive deposits in current account.

The number of banks receiving deposits in exchange for interest bearing bonds is again far less. There are altogether 39 banks of the kind: 7 in North, 26 in Central and 6 in South Italy. Of the 7 banks of North Italy, 4 are in Piedmont, 1 in Liguria and 2 in Venetia.

Of the 26 banks of Central Italy, 12 are in Emilia, 3 in Tuscany, 10 in the Marches and 2 in Umbria.

Finally, of the 6 banks of South Italy, 2 are in the Abruzzi, 1 in Campania, 1 in Apulia and 2 in Basilicata.

The small amount of the deposits in current account and in exchange for interest bearing bonds in the above establishments is easy to explain; the case of the bonds bearing interest, by their very nature, since as they imply that the amounts deposited are only available to a very limited degree, is not a very practical system for the majority of those who deposit savings and who wish to be able to withdraw them on any occasion that may occur easily and as speedily as possible; in the case of deposits in current account, cause it is evident that if these deposits were made on a large scale, it would be at variance with the very nature of the savings banks, which must, as a general rule, collect not capital waiting investment, which the ordinary credit establishments are better fitted to do, but real savings properly so called.

On December 31st, 1912, the amount of deposits at interest in the 96 savings banks was 2,596,610,763.51 frs., distributed as follows: savings deposits, 2,491,828,646.21 frs., deposits in current account 62,977,108.53 frs., deposits on bonds at interest, 41,805,008.77 frs.

The capital and reserve fund amounted altogether to 322,780,606.74 frs.

The report of the enquiry also furnished some summary information with regard to the Pawn Establishments, which also receive deposits and which, in this respect, resemble in many ways the saving banks. No return has yet been prepared of the deposits existing in these establishments.

There are at present about seventy pawn establishments authorized by their rules to receive deposits; yet of these only 49 were really receiving deposits on December 31st., 1912 and 9 of these commenced to receive them during the year.

The Pawn Establishments receive savings deposits and deposits in current account, the former in considerably larger quantities than the latter.

On December 31st., 1911, the savings deposits amounted to 10,645,511.33 frs. the deposits in current account to 34,432,105.28 frs.; during the year 1912 there was an appreciable increase in the first class of deposits, which had risen to the amount of 115,775,170.88 frs. by the 31st. of December, and there appeared on the other hand a decrease in inverse proportion in the amount of deposits of the second class on December 31st., 1912 to 32,111,198.78 frs. There was a slight increase in the total amount of deposits of 2,808,753 frs. in 1912.

3. PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN ITALY.

OFFICIAL PUBLICATIONS:

ANNALI DEL CREDITO E DELLA PREVIDENZA, 1912: Atti della Commissione per la riforma della legislazione sul credito agrario nel Mezzogiorno continentale e nelle isole. Ministero di Agricoltura, Industria e Commercio. Direzione Generale del Credito e della Previdenza. (*Annals of Credit and Thrift*, 1912. *Proceedings of the Commission for the Reform of the Law on Agricultural Credit in the Provinces of the Southern Mainland and the Islands. Department of Agriculture, Industry and Commerce. General Management of Credit and Thrift*). Rome, G. Bertero, 1912.

ANNALI DEL CREDITO E DELLA PREVIDENZA, Serie II. Vol. 2. Notizie statistiche sul risparmio in Italia negli anni 1911-1912, Parte I. Casse di Risparmio e Monti di Pietà (*Annals of Credit and Thrift, IInd Series, Vol. 2: Statistical Information on Savings in Italy in the years 1911-1912. 1st Part. Savings Banks and Pawn Establishments*). Rome, G. Bertero.

PUBLICATIONS OF THE CREDIT INSTITUTIONS:

BANCO DI NAPOLI: Il Credito Agrario nel Mezzogiorno continentale d'Italia e nell'Isola di Sardegna esercitato dalla Cassa di Risparmio del Banco di Napoli. Ordinamento - Sviluppo; 1902-1912. (*Bank of Naples: Agricultural Credit for the Southern Mainland of Italy and the Island of Sardinia, provided by the Savings Bank of the Bank of Naples. - Organisation. Development: 1902-1912*). Naples, Ferdinando Raimondi, 1913.

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CREDITO FONDARIO DELLA CASSA DI RISPARMIO DELLE PROVINCE LOMBARDE IN MILANO: Bilancio consuntivo dell'anno 1912. XLV esercizio. (*Land Credit Department of the Savings Bank of the Lombard Provinces at Milan. Balance Sheet for the Year 1912, XLVth Working Year*). Milan, R. Reggiani, 1913.

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BRAGLIA (Nicola): Le leggi di credito agrario nelle diverse regioni (*Laws on Agricultural Credit in the Different Regions*). Casale, G. Casone, 1913.

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JAPAN.

THE CENTRALISATION OF THE BANKING SYSTEM AND THE BANKS FOR SPECIAL CREDIT.

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NATIONAL MONETARY COMMISSION: *Banking in Russia, Austro-Hungary, the Netherlands and Japan*, Washington, 1911.

§ I. THE CONCENTRATION OF THE BANKING SYSTEM.

In Japan the ground has not yet been sufficiently prepared for the extension or concentration of the banking system, such characteristic phenomena in countries where the commercial and industrial development is complete. At least, for the moment, there has only been a development in one direction. With the extension of inland trade and the development of industry their spheres of influence expand and this makes a corresponding development of the organization of the banking system necessary. Agricultural countries, the industrial conditions of which are in course of transformation or incomplete, logically require in their period of expansion a large number of banks, whilst manufacturing countries, properly so called, the industries of which are fully developed demand a concentration of their banking system.

There could be no exception to the common rule in the case of Japan. And, although a tendency has been manifested towards concentration, the state of the national economy, eminently agricultural or still incomplete as far as industry is concerned, necessarily demands a banking system which allows of a certain number of banks here and there not being included in any system of centralisation.

When the issue of bank notes had been made uniform, their circulation suitably regulated, and a State Bank, called *Nippon Ginko*, founded for the regulation and supervision of the whole course of the banking system of the country, there at once began a period in which the

banks multiplied extensively. In 1884, there were 741 credit institutes, scattered over the whole country and in 1902 there were 2,324. Every province, every branch of commerce or industry, felt the need of these establishments in order to obtain credit on favourable conditions. On the other hand, their lack of capital and their greatly varying local conditions prevented the large credit establishments from profitably and successfully following the course of business in the various localities at distance from their headquarters. In 1902, the increase in the number of credit establishments began to slacken. A certain decrease was even noticeable, which must be considered an immediate result of the economic situation of the country, rather than as an indication of a real concentration. It is therefore rather a matter of the consolidation and development of the establishments already existing, forming a network dense enough to cover the whole country in accordance with the requirements of industry and commerce. We have a proof of this in the increase of the share capital and paid up capital of these establishments, shown by the following figures:

Year	Number of Credit	Share Capital	Paid up Capital
	Institutes	Thousands of yen	Thousands of yen
1902	2,324	525,117	372,950
1903	2,275	521,272	374,648
1904	2,227	516,122	373,194
1905	2,230	521,837	382,149
1906	2,210	541,736	401,135
1907	2,194	607,196	444,204
1908	2,172	613,468	458,827
1909	2,152	631,514	477,550
1910	2,143	681,441	495,714
1911	2,144	707,948	517,701

This movement then took from the start the very definite form of a concentration of capital. But there is another which is also interesting and deserves to be pointed out. As long as the initial period of the development of Japanese financial action continued, the business of credit on personal estate and that of ordinary credit were not kept separate by credit and discount banks. The increase of the credit on personal estate business serves excellently to explain the multiplication of the ordinary banks. Their number was largest between 1899 and 1902. We find in fact that in 1901 it was 1,867: At that date they had a total share capital of 373,670,000 yen and a total paid up capital of 258,000,000. The rapid development of manufactures necessarily called for a large amount of capital, a fact which soon showed the insufficiency of what

all these small credit establishments scattered over the country were able to furnish. They could not satisfy the enormously increased demand for credit. And the need was felt in Japan no less than elsewhere for a powerful central institute for credit on personal estate. By this new foundation, the deposit and discount banks were saved from the critical position in which the changed economic conditions of the country had involved them, obliging them to give credit in excess of their capital, or to put obstacles in the way of the industrial development of the country. At the same time, this central institution would be in a better position to supply the continually increasing demand. Therefore, a *Kogyo Ginko*, an industrial bank on the model of the French banks, was founded in 1900, with a capital of 10,000,000 yen, 2,500,000 yen paid up. This bank, which was for Japan an absolute financial necessity, developed very rapidly, as we may see from the following summary.

Years	Share Capital — 1,000 yen	Paid up Capital — 1,000 yen	Reserve Fund — 1,000 yen	Bonds		
				Issued — 1,000 yen	Redeemed — 1,000 yen	Balance — 1,000 yen
1902	10,000	2,500	1,148	3,000	—	3,000
1903	10,000	2,500	243	3,000	—	6,000
1904	10,000	2,500	264	3,000	145	8,855
1905	10,000	5,000	294	1,000	100	9,755
1906	17,500	13,750	409	—	160	9,595
1907	17,500	16,250	623	7,350	2,890	14,055
1908	17,500	16,250	993	2,000	2,130	13,925
1909	17,500	16,250	1,364	21,526	2,210	33,241
1910	17,500	16,250	1,669	10,162	6,685	36,714
1911	17,500	17,500	1,969	13,500	5,060	45,158

The rapid progress of the establishment appears clearly from the above figures which show the increase in the share capital and its payment in full and the rapid and large increase of the reserve fund, as well as by the increased dividends which rose from 5 % in 1902 to 8 % in 1908, at which they have remained. It is well also to observe that by placing its bonds on foreign markets, this institution has become the financial means by which foreign capital comes to give its contribution to Japanese industry. But the foundation of the *Kogyo Ginko* has had another important consequence, in the considerable decrease in the number of deposit and discount banks. In fact the number of the other banks has not changed; there are still a Japanese Bank, a Mortgage Bank, a Yokohama Specie Bank, a Formosa Bank, a Hokkaido Bank, and 46 agricultural

Industrial banks. In addition, we see there has been an increase in the number of Savings Banks though it has been slow; even if they have shown in recent years a slight tendency to decrease, whilst the ordinary banks have decreased in number very rapidly. This, which we must consider an immediate effect of the concentration of the credit on personal estate resulting from the foundation of the Industrial Bank, is shown by the following figures.

Years	Deposit and Discount Banks	Savings Banks	Other Banks	Total
1901	1,867	441	51	2,359
1902	1,841	431	52	2,324
1903	1,754	469	52	2,275
1904	1,708	467	52	2,227
1905	1,697	481	52	2,230
1906	1,670	488	52	2,210
1907	1,658	484	52	2,194
1908	1,635	485	52	2,172
1909	1,617	483	52	2,152
1910	1,618	473	52	2,143
1911	1,616	476	52	2,144

If we compare the rate of dividend of the Industrial Bank with that of the ordinary banks, we find that in the first case the rate increased from 5 to 8 %, as we saw above, whilst in the second it remained stationary or tended to diminish, falling from 8 ½ % in 1902 to 4 % in the first half year of 1911. Of course these decreased profits cannot be exclusively considered as a result of the concentration of the credit on personal estate business by the *Kogyo Ginko*. It is certain, however, that the banks which gradually limit themselves almost entirely to deposit and discount business are bound inevitably to find their profits diminish. Yet, we must also remark that these decreased profits do not correspond with any real decrease of activity, but only with a different direction given to that activity. Only the smallest and least number of the banks have been unable to meet the new situation, and these have not been rare among them. The rest have adapted themselves to the changes necessitated by the circumstances, and by the foundation of a larger number of branches they have made up for their decreased profits. It will suffice to mention that if the 2,340 Japanese banks in 1900 had 1,875 branches, the 2,152 working in 1909 had 2,739.

§ 2. SPECIAL CREDIT BANKS.

We have now seen the most important characteristics and principal tendencies of the development of the Japanese banking system. It remains for us to speak of the special credit banks. If we consider the situation of the Japanese banks, we may ask ourselves whether it is of a nature to render really advisable the foundation of special banks for agriculture, industry and commerce, or whether it would not be better for a single large bank to undertake all these three branches of business at the same time. We may also consider whether the best banking system for this country is that of autonomous or of branch banks.

Without going deeply into the matter, and limiting ourselves to a statement of the facts, we may remark that the system of special bank in use on the European Continent has in fact been adopted in Japan. That country has, for commerce, the ordinary banks in connection with the Bank of Japan: for industry and agriculture, the 46 *Noko Ginko* (Mortgage Bank) in their turn connected with the large *Nippon Kangyo Ginko* (Mortgage Bank).

It is true that in America and in Great Britain there are institutions giving credit, at one and the same time, in these three large domains. Japanese credit not being of equal importance, a subdivision was necessary for a single establishment would not have been able to immobilise large amounts in agriculture and industry and also supply the continually increasing needs of commerce.

Therefore, in Japan a quite definite and very characteristic distinction has been made between the three classes of credit institutes, according as they occupy themselves especially with commercial, industrial or agricultural credit, which are almost entirely independent of each other. This independence finds its natural limits in the general financial situation of the country and in the really strict supervision the Government exercises over all the credit establishments.

In respect of these two systems, that of the special autonomous banks and that of the special banks with numerous branches, we may say that in Japan there is indeed a tendency in favour of the second type but the first is still the most widely spread. In fact, we find in the whole Empire a very large number of banks all almost entirely independent of each other. This is especially the case of the small banks for ordinary credit. It may be to a certain degree an advantage for the small dealer who may thus more easily find the credit he has need of, but it is neither advantageous nor safe for the country. This has indeed been understood by those at the head of the Japanese financial movement, for they have long asked and at last obtained a law on the union of the banks and their interpenetration.

Japan is now confronted by a state of things similar, when the necessary allowance is made, to that which exists elsewhere, especially

Germany, where the large banks are not a cause of the liquidation of the small provincial banks, but make use of them as branches. They assist them in their business and make use of these small credit establishments as useful intermediaries between capital and the small dealer or farmer. This system is perhaps the best; it permits the large banks to extend their influence in the country easily and surely and at the same time it puts no obstacle in the way of the business of customers in less comfortable circumstances who would have difficulty in obtaining credit from the branches of the large establishments.

The system of the 46 *Noko Ginko*, scattered over all the provinces, independent in their business, but supported, under certain conditions, by the Central Institute of Mortgage Credit, is the practical realisation of the system we have explained, the value of which has been amply proved by its excellent results.

A few figures will confirm our statements.

The 46 *Noko Ginko* (industrial agricultural banks) had in 1902 altogether a capital of 28,370,000 yen, of which 27,657,234 yen were paid up. At the same date their reserve funds amounted to 1,431,263 yen. The loans granted in the year amounted to more than 28,000,000 yen. In 1911, the share capital was 34,470,000 yen, 32,370,000 yen paid up, and the reserve funds amounted to 9,138,708 yen. In the same year, the loans granted amounted to more than 95,500,000 yen. That did not prevent the net profits more than doubling themselves in the ten years; and the dividends remaining at the satisfactory figure of 8.4 %, which is 0.3 % more than those paid in 1905.

URUGUAY.

THE LAND QUESTION AND AGRICULTURAL CREDIT IN URUGUAY.

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"Livestock improvement must be associated with agriculture in an eminently stockbreeding country like ours." This declaration, made by the Minister of Industry in a report recently presented by him to Parliament, summarises in a few words the whole agricultural policy Uruguay has been for some years carrying out, a policy that all the States watered by the Rio de la Plata are adopting now that the economic period of colonial farming has come to an end. To transform the *estancias* into *chacras*, or rather, to associate the pastoral with the agricultural system and to carry at once scientific livestock improvement and the cultivation of grain, fodder, vegetables and ligneous plants are the fundamental points in the programme announced, by means of the development of which it is hoped to obtain an increase of the population, and, with a more solid basis of agricultural economy, a regular increase of wealth.

With this idea the Government of Uruguay has drafted a series of measures to stimulate private enterprise and to give a shock to "rural apathy": on the one hand, immigration laws tend to attract agricultural labourers; on the other hand, a very liberal system of legislation on colonisation affords the means for working and purchasing farms, with the help of credit on land. But all that has not been enough: to allow the farmers to cultivate a part of the soil previously left for grazing, it was necessary to offer them cheap credit, that is the agricultural credit properly so called, required by the farmers in their ordinary working; it was necessary to put them in a position to obtain the machinery and implements required for farming at small cost by means of associations and agricultural syndicates after the example of what has been done in Europe.

With this object the Government of the Republic recently passed an organic law through Parliament for the institution of a system of agricultural credit based on co-operation with the financial support of the Bank of the Republic: the rural banks founded on private initiative still serve as intermediaries between the Bank and the farmers, and may also act as agricultural syndicates and co-operative societies for production and sale, thus completing their work in behalf of agriculture.

Before examining this system, we think it advisable to review the economic-agricultural conditions of the country, in order that the reader may

still better appreciate the importance of these provisions for the agricultural future of the busy republic.

§ 1. SOME INFORMATION IN RELATION
TO THE GEOGRAPHICAL AND ECONOMIC POSITION OF URUGUAY.

1. *Geographical Position.* — It is enough to look at the map of Uruguay to see that the country occupies an extremely advantageous position.

In fact, thanks to this, it has a temperate climate, without extreme variations, favouring a considerable and varied agricultural production. It is bounded for 1,075 kilometres of the 1,848 forming its entire perimeter, by large navigable rivers such as the Uruguay and the Rio de la Plata and by the Atlantic Ocean.

The Republic has an active import and export trade, owing to its water ways and its connection by sea with the rest of the world. In Montevideo, the capital of the Republic, is a port of call for all ships from Europe, Brazil and North America on their way to the Pacific and Argentina.

The territory of Uruguay, which has an area of 186,920 sq. kms., is divided into 19 departments situated as follows: the department of Rocha on the Atlantic, those of Maldonado, Canelones, Montevideo, San José and Colonia, watered by the Rio de la Plata; those of Soriano, Rio Negro, Paysandu, Salto and Artigas, on the Uruguay; those of Rivera, Cerro Largo and Treinta y Tres, bordering on Brazil, and those of Tacuarembó, Flores, Durazno, Florida and Minuas, in the centre.

The largest of these departments is Tacuarembó, the area of which is 21,022 sq. kilometres and the smallest Montevideo, hardly 664 sq. kms. It must further be mentioned that Uruguay is very small, particularly if we compare it with the other states of America. But the part called Banda Oriental has the advantage that it contains no deserts, nor unexplored lands, and hardly any that cannot be utilised. The soil of the Republic is slightly undulating and varied in its aspect and favourable to agriculture and livestock improvement. Some of these undulations give rise to a series of hills, the breadth of which corresponds with their height, called in the country *cuchillas*. They are formed of granite and covered with a thin coating of mould; their slope is smooth and permits of their use as natural roads.

The country is divided into four large watersheds: those of the Middle Uruguay, the Lower Uruguay, La Plata and Lake Merin and the Atlantic Ocean. More than 500 streams and rivers traverse it, furrowing it and fertilising it in every direction.

The Rio Negro is the most important river. It crosses the Republic from North East to South West. It is navigable for a length of about 600 kms. and boats can travel along almost the whole of its course, but it is only made use of for 250 kms., up to Santa Isabel, by motor canoe.

and other smaller boats for traffic to and from the Uruguay. We find, also, in the North, the Cuareim, Arapey, Queguay and Daimán, all bringing down much water, and in the South, the San Salvador, Yi, Santa Lucia, San José, Yaguaron, Cibollati and several others, all partly or entirely navigable.

This mountain and water system has a considerable influence on the general economy of the country.

First of all, the numerous rivers, streams and brooks fertilise the soil in all its extent and keep it constantly humid, and this humidity, without being excessive, gives rise to an exuberant natural vegetation from which the livestock which forms, as we shall see hereafter, the chief national wealth, derive abundant nourishment.

Agriculture benefits by this which may almost be called a natural system of irrigation, whilst the slightly undulating soil prevents the stagnation of the water. Further the abundance of streams is a great advantage as a means of transport and as motor force.

2. *Population.* — According to the last census of 1908, the population of Uruguay was composed of 1,042,686 inhabitants, with a density of 5.5 per sq. km. (1). This total was made up of 861,464 or 82.62 % native born and 181,222 or 17.38 % (2) foreigners.

The population of Uruguay has increased considerably. It was 30,685 in 1796, in the days of Spanish colonisation and reached, as we have seen, the amount of 1,042,686 in 1908, that is to say in 112 years the population has increased thirty four fold.

Although the natural increase of the population is very great (20.7 %), we must, however, also consider immigration as one of the principal factors of this rapid progress.

Although the current of immigration suffered sudden interruptions, owing to the agitations of which the country was the theatre in the XIXth. century, yet it resumed its course in a quite satisfactory manner as soon as these obstacles had ceased. Between 1875 and 1908 the movement had brought 100,000 persons to the Republic, with an annual average of 3,000 individuals.

In 1911 the figures were as follows :

Immigration	141,224
Emigration	123,934
Excess of Immigrants	17,290

Between 1900 and 1908, the population of Uruguay increased 13.8 %. It went from 915,647 to 1,042,686 inhabitants.

(1) One of the latest official publications of the "Exhibitions Office" (*El Uruguay como país agrícola*) estimates the present population of the Republic at 1,300,000 inhabitants, with a density of 6.2 per sq. km.

(2) The foreigners are distributed by nationalities as follows : 62,357 Italians, 54,885 Spanish ; 209 Brazilians, 18,600 natives of Argentina, 8,341 French, 1,444 Turks, 1,406 Swiss, 1,324 Polish, 1,112 Germans, 1,109 Austro-Hungarians, and 2,855 of other nationalities.

According to the general census of 1908, of 406,519 (1) persons composing the active population, that is to say, over ten years of age, whose profession is known, 103,302, or 25.4 % were engaged in agriculture, considered as including livestock improvement and rural industries.

The department of Montevideo is the most populous of the 19 departments; it has 309,231 inhabitants, almost the third of the entire population; the least populous is the department of Flores, which has only 16,082 inhabitants. These are the actual figures for the population. Considering it from the point of view of density, we find Montevideo takes the first place with 465.7 inhabitants to the sq. km. and Tacuarembó comes last with 2.2 inhabitants per sq. km.

3. *Production.* — As in the case of the Argentine Republic, in that of Uruguay, the principal source of wealth is agriculture and above all livestock improvement.

Although there is a great future before agricultural industry in the true sense of the word, we shall see below that at present it is comparatively little developed, for the methods of cultivation still leave much to be desired. In spite of this, the industry provides the country with from 16 million to 16 ½ million pesos (2).

The great wealth of the nation is, as we have said, its livestock, and above all the production and exploitation of sheep and horned cattle.

More than 35 million head of horned cattle live in the immense prairie of Uruguay; the value of this immense stock of cattle is reckoned at 180,000,000 pesos and it yields the country on an average more than 52,000,000 pesos the year.

The industries in connection with horned cattle are also very important; they include the preparation of extract of meat, preserved meat, *tasajo*, (3), broth, hides etc., manufactures of which we may say that they are the only ones developed in the country.

The soil of Uruguay contains the most varied minerals from gold to potter's clay. Mining is, however, very little developed on account of the insufficient study of the local geology, and the want of interest of the local inhabitants in mining speculation. Another cause for this lack of development is the lack of rapid and cheap means of transport and the high price of labour.

The largest number of mines are gold mines. In 1908 there were in fact 230 mines of gold alone in a total of 385 mines registered.

The only department in which mining is sufficiently developed is that of Rivera, in which there are 175 mines.

Manufacturing industry progresses slowly. However, the flour mills are of some importance: in 1908 their production was valued at between 6

(1) They are distributed as follows according to occupation: agriculture: 103,302; fishing: 411; extractive industries: 1,731; manufactures: 11,208; manual labour, transport, etc.: 85,491; trade: 46,702; liberal professions: 11,209; State services: 14,759; unspecified professions: 34,964.

(2) 1 peso (gold) = 5.36 frs.

(3) *Tasajo* is salt and dried meat, prepared so as to keep.

and 7 million pesos : we may also mention other industrial produce such as oil, alcohol, thread and cloth, furniture etc.

4. *Commerce.* — The commerce of the Republic of Uruguay is sufficiently active and increases every day. In spite of its limited area, Uruguay holds, in fact, the fourth place among the republics of South America in respect to foreign trade, coming after Argentina, Brazil and Chili.

The following are the figures for the foreign trade of Uruguay in 1912 and 1911.

	1912 (1)	1911 (2)
Imports (gold pesos) . . .	49,485,064	45,950,760
Exports (do) . . .	51,564,477	44,631,960
	<hr/> 101,049,541	<hr/> 90,582,720

It appears, therefore, that between 1911 and 1912 the total value of foreign trade increased by 10,466,821 gold pesos and that, of this increase, almost 7 millions are due to exports.

If we compare the figures for foreign trade for 1912 with those for 1902, it is to say with the trade of ten years ago, we see more clearly how the commerce of Uruguay has increased. At that date the official figures for the same were as follows :

Imports (gold pesos)	23,517,000
Exports (do)	33,660,000
	<hr/> 57,177,000

According to the statistical yearbook for 1908, the principal articles exported are textile materials and manufactured produce (7,936,895 gold pesos), food stuffs (7,433,633), stones, earths, glass, pottery, iron etc. They are supplied by the following countries in order of importance : first Great Britain, then Germany, France, and the United States.

The exports are almost exclusively animal produce, for 36,479,767 pesos in a total of 40,296,367 pesos in 1908. The principal articles are : wool, exported chiefly to France, Belgium, Germany and Argentina; hides, for which the principal markets are France, Germany and Argentina, and meat, which Brazil and Argentina continue to be the chief consumers, although in recent years the demand on the part of Cuba has considerably increased, especially for tasajo.

5. *Communications.* — Uruguay is one of the South American countries where the means of communication are the best, although there are large

(1) We have reproduced from the "Statesman's Yearbook" for 1913 the data for 1911 and 1912. In that publication they are expressed in pounds. We have reduced them to gold pesos considering 4.7 pesos as the equivalent of a pound. (The gold peso = 5.36 frs).

tracts with no better roads than the *cuchillas* already mentioned. The Republic of Uruguay has 2,500 kms. of railway. The most important line is the Uruguay Central Railway, 1,154 km. in length, which, starting from Montevideo, crosses the country from South to North passing by Canelones, Florida, Duragno and Tacuarembó to Rivera on the Brazilian frontier.

All these lines belong to private companies, which are, however, guaranteed by the State. Now the State proposes to construct for its own account 1,647 kilometres of railway, which will give Uruguay a total of 5,000 kilometres of rail. In the Republic there are 61,931 kilometres of roads for vehicles.

Finally among the means of communication and transport we must mention the sea and rivers. Inland navigation and communication by water with the neighbouring countries is principally carried on by the Mihano-vich company. In addition, the State has recently undertaken the navigation of the Rio Negro and the Rio Tacuarembó; 600 kms. of the first and 60 of the second are navigable.

6. *Finances.* — The financial situation of Uruguay is fairly satisfactory. In the accounts for 1912-1913, the expenditure was shown as 35,133,812 gold pesos and the revenue as 35,142,360 gold pesos.

Although 2 ½ million pesos are annually paid off, the public debt of Uruguay is rather high; it was in fact 131,857,541 pesos on January 1st., 1912. In 1911, the business in connection with the interest on this debt cost 6,964,603 pesos.

The principal fiscal revenue is derived from customs dues (1910-1911: 13,620,000 pesos) and direct taxes (1910-11: 8,122,000 pesos).

7. *Financial Establishments.* — The only establishment authorized to issue notes is the "Banco de la Republica". It has a nominal capital of 20,000,000 pesos. On January 1st., 1912 its notes in circulation amounted to 25,638,911 pesos.

There are, besides, many other banks, the most important of which are: the "Banco de Londres", the "Banco Español", the "Banco Comercial", the "Banco Alemán", the "Banco Hipotecario" and some others. In 1911, the Government proposed the foundation of a National Insurance Bank, to have the monopoly of all branches of insurance, a proposal realised by law in 1912.

§ 2. AGRICULTURE AND THE PRESENT LAND POLICY.

After the above outline of the economic and social situation of the Republic of Uruguay, we shall examine the conditions of agriculture there its development and the position it occupies in relation to the other factors of the national economy.

1. *Agricultural Production.* — In the country of Uruguay all the plants of the temperate zone grow and we can say that, on account of the uniformity of the soil, there are no regions of special crops. The most important

products are at present, wheat, maize, flax, fruit, vegetables, vines and olives.

Cereals. — The cultivation of cereals, especially of wheat and maize, is the most important in the country. These crops are grown each year approximately over an area of 500,000 hectares. In 1908, 2,302,158 quintals of wheat were produced, which, at the average price of 3.45 gold pesos per 100 kgs. represents a value of 7,942,446 gold pesos. Of this sum, 1,731,094 pesos were for exported wheat.

In the same year, the production of maize was 1,344,000 quintals, representing a value of 3,696,000 pesos, at the average rate of 2.75 pesos; of this amount only 2,789 pesos were exported.

The yield from the cereals is not high (according to the last yearbook, the average yield of wheat was 740 kgs. per hectare and that of maize, 641 kgs.). This small yield is due to insufficient preparation of the soil and the neglect of selection.

It is in the departments of Canelones, Colonia, San José, Soriano, Florida and Minas that the cultivation of cereals is most developed. The first of these departments contains a third of the total area cultivated with cereals.

Flax. — Flax is another plant fairly largely cultivated in the country. Every year 50,000 hectares are cultivated with it and the department in which it is most extensively grown is Colonia.

Linseed is chiefly used for making oil. The production of linseed in 1908 was 185,244 quintals, which, at the average rate of 4.50 pesos per quintal, would have a value of 832,598 pesos. In the same year 175,907 quintals, valued at 707,749 pesos, were exported.

Vines. — The cultivation of vines has been recently introduced into Uruguay. When the country was colonised some attempts at viticulture were made in the departments of Montevideo and Maldonado.

They had not the success desired, and therefore no one thought of repeating them until in 1874 vines were again cultivated in the environs of Montevideo and the Department of Salto.

These attempts having been crowned with the most brilliant success, the example was at once followed; so that in a few years viticulture has made considerable progress. In 1874 there were only 2 vineyards in the country; in 1912 there were 2,067.

Now about 6,000 hectares in Uruguay are covered with vineyards with more than 20,000,000 vines. The yield in 1911 was 24,575 tons, from which 14,703,600 litres of wine were made.

The departments in which viticulture is most extensively carried on are those of Montevideo, Canelones and Colonia. Although the vine is cultivated more or less, in the whole country.

Other Crops. — In Uruguay, all the fruit trees and vegetables of Europe and North America grow easily and under the most favourable conditions, thanks to the mild climate, the fertile soil and the abundance of animal manure.

In 1908 the amount of *fruit* produced was valued at 703,015 pesos and that of *vegetables* at 1,802,608 pesos. The cultivation of other plants is also important, namely that of the *olive tree*, recently introduced, of *sugar beet*, of plants for fodder, increasing more and more as an auxiliary to livestock improvement, of *tobacco*, *cotton* etc.

We may say that Uruguay has no forest wealth, for the few trees of the country are only found along the rivers.

2. *Livestock Improvement and Industries in Connection with it.* — The 1908 Census shows that at that date there were in Uruguay 35,257,354 head of horned cattle, a figure which must certainly be higher to day, when we consider the animal wealth of Uruguay has constantly increased. For a proof of this increase it is enough to compare the figures of the 1908 census with those for 1900.

There were in 1908	35,257,354	head of livestock
" " " 1900	26,134,896	" "
So that there was an increase of . .	9,122,458	" "

This means that between 1900 and 1908 the animal wealth of the country increased at the rate of 1,140,307 head per year.

These figures show that Uruguay is one of the leading livestock producing countries.

The livestock was divided as follows according to species :

Sheep	26,286,296	head
Horned Cattle	8,192,602	"
Horses	578,406	"
Pigs	180,099	"
Goats	19,951	"

Total . . . 35,257,354 head

To show the importance of the wealth of Uruguay in livestock it is enough to say that after having satisfied the demands of home consumption, it has every year a surplus amount of the value of about 40,000,000 pesos available for export.

The industries in connection with animal produce are very important. They consist in the preparation of extract of meat, of preserved meat, of salt meat, broth, hides etc.; and the country possesses a large number of establishments for these purposes. The most important of all is clearly that of the Liebig Company, at Fray Bentos. To give an idea of the importance of this company, the products of which are renowned throughout the world, we shall say that its capital amounts to £1,000,000 (27,743,450 frs.); that 1,400 hands are employed in its factory, and that on an average from 150,000 to 200,000 head of horned cattle a year are slaughtered in connection with it.

Besides the Liebig establishments there are 21 others in the country for salting and freezing meat. There are also other rural industries, such

is dairying, pig improvement, poultry improvement, sericulture, beekeeping and others yet. Although still at their start, these industries are assuming greater and greater importance, and some of them, as for example, dairying, promise well for the future.

3. *Rural Land.* — In Uruguay as well as in the other countries watered by the Rio de la Plata, large farms predominate. We meet with immense *estancias* on which thousands of domestic animals live.

The most important and the largest *estancias* are in the west; several belong to the Leuco Company, which has stocked them with the best imported European breeds.

According to the official data, almost all the territory, or 16,999,275 hectares, is divided among 41,741 land owners; amongst them 10,359 possess 14,154,200 hectares in large landed estates of various sizes, from 400 hectares to 65,300 hectares in area. The remaining 2,845,073 hectares belong to 31,332 land owners, who have farms not exceeding 300 hectares, on which they devote themselves for the most part, though not on the system of extensive farming, to livestock improvement and agriculture.

The value of the land varies with the wealth of the soil, the situation, the distance from lines of communication etc. We may say that it varies from 40 to 150 pesos per hectare, the most usual price being from 60 to 70 pesos.

The rent of the farm varies also with the above conditions.

The Mortgage Bank offers great facilities for purchase of farms for small sums, for it gives loans of two thirds of the value of the land as fixed for the land tax. The farmer who desires to purchase a farm therefore pays the seller through the Mortgage Bank, the amount of the loan, and only adds himself the difference between that and the price of the farm. This system has the further advantage that there is no formality required except for the substitution of the debtor to the Mortgage Bank. The loan is made for a period of 30 years, and 6.85 % per month with interest must be paid to the Bank in sinking fund and commission.

4. *The Land Question.* — What we have said above shows that in spite of the quality and form of the soil, thanks to which there is no land in the country that cannot be cultivated, the area really cultivated is extremely limited, since, as we have seen, it is not more than about 600,000 hectares.

The naturally fertile conditions and the topography of the country make it all seem like one immense *estancia* where the livestock find abundant nourishment.

It was in fact, on account of its immense natural pastures that in the distant days of Spanish dominion, Uruguay gave itself up to cattle breeding. In 1573 Juan Ortiz de Zárate brought here 1,500 head of horned cattle and more than 200 sheep. From this first importation is derived the enormous stock of horned cattle now in the pasture lands of the Banda Oriental, which cover more than 14,000,000 hectares, that is to say an area twenty three times as great as that utilised for agriculture.

Historical events accentuated the prevalence of grazing farms.

In the course of the three centuries of Spanish domination, from the days of the first conquistadores (at the beginning of the sixteenth century), up to the revolutionary agitations of Artigas and the downfall of the domination of the mother country (at the commencement of the nineteenth century) the Banda Oriental was the theatre of continual strife; civil wars succeeded each other after the national independence had been acquired and until recently. In so agitated an ambient, the peaceful exercise of agriculture could not find the necessary conditions under which to establish itself and thrive as rapidly as livestock improvement.

There was another important reason for this, which has still force to-day; the insufficient supply of labour; and, consequently, its high price.

In Uruguay, a day labourer receives from 1 to 2.50 pesos a day, in addition to board and lodging. It is therefore easy to understand why the large landowners who have often latifundia of more than 50,000 hectares and even those with smaller farms, who cannot farm their land alone, prefer to farm them in a manner which is less expensive, while it gives them the same profits as they have been accustomed to receive from it up to recently. Thus, whilst agriculture employs 60,827 persons on 600,000 hectares, livestock improvement only requires 41,637 for 1,000,000 hectares.

We see that the large landowners prefer, for economic reasons to utilize their farms for livestock improvement rather than for agriculture. This preference is not only observed when the owner farms the land himself but also when he leaves it to tenant farmers, because he thinks agriculture is incompatible with livestock improvement. Thus most frequently, when he leases his farms, the landowner inserts in the contract a clause, absolutely forbidding the tenant to plough the ground, unless for the production of cattle food with the object of increasing his stock.

We find also that the tenant farmer, who, alone could occupy himself economically with agriculture, most frequently abandons it even before the prohibition of the proprietor. Besides, on the farms, which are least numerous, on which the farmer is at liberty to undertake both kinds of farming, the development of agriculture is indirectly hindered by the short term of the contract. In fact the Civil Code of the Republic limits the term of these contracts to a period of 10 years; but this term is never actually reached, as the contract is generally passed for three or four years. And this short period does not allow of the farmer making improvements of a permanent character, nor of his carrying out other work requiring a long period in order to be remunerative. There is then no other resource but to derive the greatest revenue from the soil with the least possible expenditure, although this method exhausts the fertility of the soil.

It is evident, as was said by the Minister of Industry in one of his last reports, that these two defects which, with others, hinder the development of agriculture, are due to the very circumstances of the case. The short term of contract is a natural consequence of the sudden and continual variation in the value of rural land, which has its effect on the rate of lease. This is a phenomenon common to all new countries.

The prohibition to plough the fields is a consequence of the fact, that, if, after being ploughed, the land is allowed to lie fallow, it is less fit for pasture than virgin soil.

To sum up, when we consider the history of the country, the insufficient supply of labour, the natural fertility of the soil of Uruguay and the immediate and profitable yield from livestock, owing to the auxiliary industries connected with it, we find the extraordinary development of livestock improvement in the country is natural and we understand why up to the present agriculture has been considered of small importance.

The Government has endeavoured, as far as possible, to overcome this tendency, by seeking to develop agriculture. This policy corresponds with the real interests of the country, which are increasing in view of the fierce competition in animal production and because there are in the Republic departments that have to depend on other countries for agricultural produce, as they have almost absolutely no cultivated land.

5. *Colonisation.* — Let us now examine the work of the Government and the authorities with a view to favouring the development of agriculture and the increase of the rural population.

At the first the Government of the Republic considered that the best means of attaining this end was to encourage agricultural colonisation, which should gradually transform immense half desert tracts into large centres of population and production, while at the same time encouraging immigration. It began by the law of 1880 which assigns an annual amount of 200,000 pesos for purchase of land for distribution afterwards among colonists.

This law laid it down that if, in a pastoral district, twenty families asked for farms to cultivate, the authorities might buy the necessary land, with the authorization of Government, when in the locality there is no State land adapted for the purpose. If the number of families applying is more than one hundred, they might proceed to expropriate the land necessary.

As a result of the practical difficulties encountered in the application of the above law, on account of the insufficient amounts allocated and the high price of land, the Minister of the Interior, two years after, promulgated a decree to the effect that the State Lands occupied by tenant farmers should be exclusively used for the formation of agricultural colonies.

It is to this first phase of government action we owe the majority of agricultural colonies in the country, those namely of *Valdense*, *Cosmolita*, *Suiza*, *Española* etc., the conditions of one of which are satisfactory, whilst the others subsist with difficulty. The one that has attained the highest degree of development and prosperity is that of *Suiza*, founded in 1862, between Mercedes and Montevideo, with to day about 4,000 colonists. The principal industry carried on in the colony is the manufacture of cheese and butter, though grain, flax and vines are cultivated also.

One of the greatest obstacles in the way of the official colonization, met with more than ever to day, is the insufficient quantity of State Land as

well as the difficulty of buying private landed property, on account of its high price and the unwillingness of the proprietors to part with it.

In consequence of the insufficient results attained by the above proposals, the Government thinks it best to encourage private enterprise. Thus in 1889, a law was promulgated granting special fiscal exemptions for colonisation companies and proprietors who give their land for the purpose. The principal provisions of this law are as follows: the land occupied by the colonists is exempted from land tax for eight years from date of the contract of purchase. The colonist forfeits this advantage if, two years after purchase, he has not brought under cultivation at least a third of the land in question.

The land that private parties or companies intend for colonisation which must be at least 20 square leagues (1) in area, is also exempt from land tax for eight years, provided that within the term of two years from date of the concession a third of the area is colonised, and within the term of four years two thirds. Otherwise, the exemption is limited to the part actually occupied by the colonists. The Government is authorized to grant to colonising undertakings, exemption for ten years from export duty on all the produce of the colony, except stones and sand.

As the country is to an eminent degree a livestock producing one, the difficulties presented made the substitution of cultivation for pasturage less easy. The authorities, then, judged that it would be most advantageous to associate livestock improvement and agriculture. With this object in view, a law was passed on July 11th., 1911, for the encouragement of mixed agricultural and livestock improvement colonisation of grazing farms. By provision of this law it is established that a competition shall be opened on January 1st., 1915 for the livestock improvers, owners of grazing farms or tenant farmers hiring them, who have most distinguished themselves in the above colonisation; an amount of 180,000 pesos has been fixed as the prize.

According to the text of the law, by mixed agricultural and livestock improvement colonisation is meant "colonisation based on the association of the *estancia* and the *chacra* that is on livestock improvement and agriculture according to the different systems followed by the livestock improver, the owner or the tenant of grazing farms, without changing the nature of the farm and without abandoning the present management, by employing a certain proportion of colonists each in agricultural production, in livestock improvement and in the auxiliary rural industries, such as dairying, pig and poultry improvement, the fattening of animals etc."

By the word colonist must be understood "not merely the simple day labourer, but the agricultural labourer, who besides the remuneration fixed in his contract, has his share in the crops or the profits".

The register in which the farmers must be entered for the purposes of the competition, contains the five following classes, 1st., farms, of not more than 500 hectares employing at least two colonists or colonists' families

(1) The league is 4,225 metres.

and., those of from 500 to 1,000 hectares, employing three colonists or colonists' families; 3rd., those of from 1,000 to 2,000 hectares, employing four colonists or colonists' families; 4th., those of from 2,000 to 4,000 hectares; 5th., those over 4,000 hectares in area.

In order to be registered, the following area on each farm must be colonised: 20 % of the first 500 hectares; 10 % of the next 500; 5 % of the next 500; 2 % of the remaining area.

At least half these areas must be devoted to the cultivation of fodder.

§ 3. AGRICULTURAL CREDIT AND THE NEW LEGISLATION.

1. *The Question of Agricultural Credit.* — It is seen in the last law considered that the present tendency of the agricultural policy is to combine agriculture with livestock improvement.

Now it was not enough to embody this tendency in the institution of competitions. It is necessary for the parties concerned to see the advantages which allow them to second it, and at the same time to have at their disposal the means putting them in a position to realise it in practice. This means that the owner or the tenant of a farm may count on obtaining, upon good conditions, the necessary capital for cultivating a part of his farm in a reasonable and profitable manner, with the help of engineering works, machinery, selected seeds etc. Up to the present, the farmers have been exclusively dependent on intermediaries, who, while raising the price of money and the articles obtained by it, undervalued in an extraordinary degree the produce they received in return. Besides, it was necessary to stimulate this partial transformation of the fields by showing its advantage by example, that is to say that it was necessary that the existing farms should produce more under better conditions, by means of the application of the systems of modern cultivation.

Convinced of the force of these considerations, the Government of the Republic proposed to meet the requirements by enabling the humblest peasant to obtain the capital he requires on good conditions.

2. *The Laws of January 18th. 1912.* — Consequently, on January 18th. 1912, the Chambers voted two laws, mutually completing each other (Law forming the Agricultural Credit Department, Law on Rural Banks), and constituting the basis of agricultural credit in the country. The system devised by the Government is that of credit provided by co-operative organizations and supported by financial assistance from the State.

3. *Agricultural Credit Department.* — One of these laws institutes a *Sección de Crédito Rural* in the *Banco de la República*, with an initial capital of 500,000 pesos, which may be increased when the management judge it necessary. This section is intended:

(a) To promote the most ample and efficacious distribution of credit among the small agricultural landowners and other persons devoting themselves to agricultural production;

(b) to promote the organization of rural banks over the whole territory of the Republic; to be a centre of information and propaganda; to centralise and direct efforts in this direction giving useful advice to the founders; to publish the results obtained and take all desirable measures for the prosperity of the banks; to distribute model rules, and formularies and book keeping forms etc. for the use of the rural banks, with a view to rendering uniform, simplifying and facilitating the formalities for their foundation and working;

(c) to permit and assist in the establishment of banks organized on the basis of co-operation and conforming with the formalities laid down in the law on rural banks;

(d) periodically to inspect the banks founded in conformity with the law referred to, examining their operations, their books, and balance sheets and seeing to the carrying out of the law and regulations (art. 2).

As we see, in its main intentions, the law did not merely open a credit for the rural population, but as the institution was new to the country, it contemplated the means most favourable for its extension, as we shall see in our examination of it.

This is why the Agricultural Credit Department unites with its character of a financial institution that of a centre of encouragement and propaganda for these intermediary institutions between the farmer and the Bank the rural banks, by promoting their foundation and their development with moral and financial assistance, and organizing their regular work by means of periodical inspections.

The business of the Agricultural Credit Department as a financial establishment consists in:

(a) discounting the bills of members of the adhering banks and such as the latter have endorsed.

(b) opening to the said banks, the liability of which is limited, credit *not in excess of twice their declared liability* on terms and under conditions and guarantees it shall judge suitable. Such loans can only be granted to bank doing credit business with their members.

(c) granting loans, to the utmost amount and on the terms for repayment and other conditions it shall judge suitable, to rural banks, for business operations of collective character, with or without security,

(d) lending on mortgage on suburban or rural land to be paid off in instalments. The period may not be for more than ten years, and the amount may not be more than 2,000 pesos in the case of any one member of a rural bank nor the interest more than 6% per ann. Like the short term credit these loans will be granted through the medium of the rural banks.

The amount of the loan must be exclusively used for agricultural production (art. 3). We see therefore, that not only will the agricultural credit department, help the rural banks to grant the short term agricultural credit of which the agricultural labourer is in need but also within certain limits will encourage long term credit for improvements and works required on the farms. The department reserves to itself the right of exacting special guarantees for its operations.

When the banks ask to have the bills signed by their members discounted they must send the Bank of the Republic a list of their debtors, with precise information as to their liabilities.

When the rural banks apply for advances they must inform the Bank, 1st. of the amount, the form, the security and the period of credit asked for; 2nd. its purpose; 3rd. their situation at the date of application, giving also a detailed list of their bills in case and of the subscribers of the new shares, indicating the amount paid up by each member.

The interest the rural banks pay to the Bank must not exceed $4\frac{1}{2}\%$ per ann., for loans not exceeding the amount of 500,000 pesos, that of the initial capital.

The management of the Bank of the Republic shall fix the rate of interest for sums in excess of this amount.

4. *Rural Banks.* — The law of January 18th., 1912 laid down rules for the foundation and working of the rural banks desirous of receiving credit on terms of favour from the special Department of the Bank of the Republic.

The nature of these associations will be purely professional, that is to say, they will be formed by farmers, livestock improvers, and other persons *directly concerned* in rural production.

The object of the banks will be: 1st. to facilitate, to guarantee, to proportion and to distribute credit to their members; 2nd. to facilitate operations for production, transformation, preservation or sale of agricultural produce, exclusively derived from their members' farms; 3rd. to execute rural works of collective character. The realisation of commercial profits is excluded from the programme of the rural banks civil personality will be given to them free of charge, through the medium of the Agricultural Credit Department, in accordance with information supplied by it. The civil personality thus obtained is necessary in order that they may enjoy the advantages granted by the law on agricultural credit previously considered.

The banks are considered as commercial societies, for as regards their book keeping they are subject to the provisions of the commercial code.

As regards their members' liability, the banks may be constituted as (1) unlimited liability co-operative societies; (2) limited liability co-operative societies; (3) co-operative societies bound to pay unlimited calls, that is to say societies in which the members are only obliged to furnish the society with the amounts required by it in order to pay its creditors. Each bank will have a special district which will be established in its rules, at the same time as the place of its head quarters (art. 4).

The law provides that, for their legal constitution and working, the banks must have at least ten members; they must, besides, accomplish the following formalities:

(a) their rules, with the complete list of their administrators, their managers and members, indicating the number of the latter, their profession and residence, as well as the amounts subscribed by them, must be deposit-

ed, before any operation is conducted, in triplicate, at the office of the local magistrate of the juridical division in which the banks have their headquarters.

(b) in the first fortnight of February of each year, the manager or administrator of the rural bank must deposit at the office of the local magistrate of the division, three copies of a summary statement of the expenditure of the society, of its resources and the operations conducted by it during the year, with the list of its members at the same date.

The capital of the rural banks is composed of shares subscribed by the members (art. 7). They cannot transfer their shares without the consent of the society. The banks further, cannot begin working before they have realised the fourth part of their subscribed capital.

The administration of each bank is entrusted to a managing commission, composed of a President, Vice President and at least three members elected at the general meeting of members. These administrators can only obtain credit on giving security,

The resources of the rural banks will consist :

1st. in *members' contributions*, the amount of which may vary with the conditions of each region or the decisions taken at the moment of establishing the shares :

2nd. in savings *deposits* or deposits in current account, at sight or for fixed periods, made by members or non members within the maximum limit of 500 pesos per depositor ;

3rd. in *bills in case discounted* to the Bank of the Republic duly endorsed ;

4th. in special *loans and credits* granted by the special Agricultural Credit Department (art. 11).

The banks will be bound to deposit their surplus amounts in the Bank of the Republic and will receive interest at the rate that establishment pays on deposits in current account.

With regard to the working of the banks, the law lays it down that they can only grant loans to members and exclusively for purposes of production, transformation, preservation and sale of agricultural produce.

The limit of the loans will be 1,000 pesos per member ; their term may be for a year and may even be extended. Up to 200 pesos loans may be made without security, with the approval of the managing commission. The security required in the case of larger amounts will be established. With regard to agricultural produce given in pledge, the law lays down that the contract when passed with tenant farmers, metayers or colonists is only valid with the consent of the landowner.

The rural banks are authorized to obtain loans or special credits of collective character from the Agricultural Credit Department for the purchase, construction, or installation of buildings, workshops and transport material, purchase and utilisation of machinery and implements required for agricultural operations and for livestock improvement carried on collectively. (art. 14).

If the paid up capital of a limited liability bank is reduced by half through losses, the society must immediately go into liquidation, in accordance with the commercial laws.

Art. 17 provides that the banks constituted in accordance with the law shall be exempted from taxation on their business operations, on those of their members with the society and the agricultural credit department, and on the landed estate, buildings, installations, factories, etc. the banks possess as collective bodies in connection with the agricultural production of their members.

They must place aside for the constitution of a reserve fund 50 % of the realisable profits shown on their balance sheet ; the remaining 50 % shall serve to reinforce the reserve fund or shall be devoted to works of collective interest. When the reserve fund amounts to 50 % of the subscribed and fully paid up capital, all further profits shall be used for works of public interest. In no case may dividends be paid.

Finally the law provides these societies with the means of discharging other functions of economic and rural character, besides the provision of co-operative credit, in behalf of agriculture. Thus the law provides that the rural banks, it they belong to the class of agricultural syndicates, may undertake the study and defence of the agricultural interests of their members ; they may in the same way promote and encourage agricultural experiments, diffuse agricultural instruction, favour rural transactions, provide arbitrators and experts, encourage, found and administer societies for production and sale etc.

* *

These two laws, mutually completing each other, constitute the first step taken by the Republic of Uruguay on the road towards the co-operative system. In consideration of the most urgent needs of the moment, which consist in procuring money for the farmer at small cost, the commencement has been made with co-operative credit societies, giving them at the same time power to perform their offices of collective character in the field of production and sale of agricultural produce.

Association, which has rendered such great service to the old world, has been called in to fulfil a mission of great importance also in the new. It will certainly contribute in Uruguay to that agricultural transformation on which the attention of the Government is now centred.

Part IV: Miscellaneous

GERMANY.

HOME COLONIZATION IN NORTHERN GERMANY.

PART II.

FORMATION OF "RENTENGÜTER" THROUGH THE INTERVENTION OF THE PRUSSIAN GENERAL COMMISSIONS (*Continued*).

§ 3. COLONISATION ENTERPRISE.

A. — *Undertakings of Private Individuals and Private Societies.*

The great importance of the system dealt with in the preceding paragraph consists in the fact that, thanks to their decisive influence on home colonisation, the General Commission prevent the neglect of anything necessary for the foundation of a living community, but, at the same time, it may be calculated from the start that, as the values are established in advance, when the work of colonisation has been completed, the expenditure incurred will be found almost exactly to balance the funds disposed of.

Yet there is a weak point in the system, for the present legal organization demands for home colonisation, not merely the action of general commissions, but also that of a real organizer to take the initiative in the subdivision of the farms and bear the risks of the operation. According to the idea inspiring the 1891 law, it is the proprietors on whom these duties are incumbent. But they call for capacity and experience so exceptional in the various departments connected with the work of home colonisation, that the number of persons answering these requirements can be but very limited.

It is true that special commissioners who were particularly capable have endeavoured with success to advise or even to substitute landowners

disposed to divide their farms, but not possessing the qualities necessary to qualify them for the task. And, generally, it is the want of organizers provided with the necessary qualities that has long been an obstacle in the way of home colonisation. For this reason, lately, there have been founded special societies, constituted by the State, by public autonomous institutions, agricultural associations and private individuals that have attempted to remedy the defect.

In early days, among the land holders, men who made it their profession to divide farms (*Güterparzellanten*) also occupied themselves with home colonisation. In certain places, and above all, in Pomerania, they had already done an extensive business, before the laws of 1890 and 1891 on *Rentengut*. Thus, one individual, in the district of Kolberg-Körlin alone, between 1878 and 1891, subdivided 11 large landed estates and a large farm of a total area of 7,500 hectares, dividing them into 15 *Restgüter* and 239 smaller holdings.

After the law of 1891 these *Güterparzellanten* could have recourse to the credit of the *Rentenbanken* for the holdings founded by them and profit by the exemption from stamp and registration duty allowed for the operations of the General Commissions. Several of them, by their industry, attained satisfactory results, but others founded in this way communal bodies so badly provided, that their work became at last a real public danger. At first, the organisers of colonies did not seek the intervention of the General Commissions until they had terminated the division of the farms, so as to obtain a grant of credit from the *Rentenbanken*. Afterwards, the Commissions claimed to exercise from the start a predominant influence on the action taken in regard to economic and social requirements, on the selection of the colonists, on the price of sale, and on the gains realised by the *Güterparzellanten*.

Then a large number of the latter ceased to ask for their assistance. The law of August 10th., 1904 on the constitution of new holdings in the provinces of East Prussia, West Prussia, Brandenburg, Pomerania, Posen, Silesia, Saxony and Westphalia, which laid down strict conditions for the regulation of their position in public law and their general economic character, then caused a marked decrease in the number of landed estates subdivided by private individuals. Since then, the action of these latter has been almost exclusively limited to the subdivision of large landed properties of smaller area and large peasant holdings, in each case situated in communities already farmed. In these cases, in fact, the regulation of the position in public law is simpler, and the profits of those engaged in this class of operations is therefore less hazardous.

Some private societies also have chosen for the object of their activity the subdivision of landed estates. Amongst these only the *Berlin Land bank*, founded in 1885, has provided on a large scale for the formation of *Rentengüter*. It has now 20,000,000 marks in share capital and 20,000,000

the principal, or the payment of interest. Generally, it makes considerable economic improvements on its farms, and sells them again without subdivision or after cutting off some portions. Up to the end of 1911 it had bought altogether 370 holdings of an area in round numbers of 240,000 hectares. It has sold to 6,131 purchasers 223,800 hectares of its own land and 19,400 hectares for the account of third parties. Of this total, 55,477 hectares has been utilised for home colonisation. *Ex novo* 5,244 holdings were formed of an area of 44,207 hectares; then 11,270 hectares were added to 2,356 already existing holdings, thus raising them to a condition of economic independence.

In this colonisation work certain variations may be remarked due to the position occupied by the Landbank in regard to the General Commissions. In its early years, this Bank was actively concerned in the foundation of *Landgesellschaften*. Afterwards, between 1900 and 1901 it very considerably limited its action in the field of home colonisation, because the General Commissions made difficulties with regard to the transfer to the *Rentienbank* of the rents due. It was only possible to effect this transfer in the case of 49 of the 263 holdings constituted between 1896 and 1897, for, in the case of the others, the purchase price was considered to be too high. Besides, the *Landbank* considered that in the long run it would not be able to meet the requirements of the General Commissions in regard to the regulations of its relations in public law. At the beginning of 1903, it was able, with the support of the *Frankfurter Verfahren*, to come to an understanding with the General Commissions in regard to their common action. Then only it began to occupy itself somewhat actively with the constitution of *Rentengüter*. For the purpose, it founded special branches in various provinces. The agreement was facilitated by the fact that, as a result of losses on various occasions, the *Landbank* was able to calculate that, in any colonisation undertaking, a part of the success depends on a definite limitation of the objects to be attained and the means to be employed for the purpose. As a result of this understanding, it had to consent to a condition, in accordance with which, as remuneration for its work, it no longer receives the total surplus from the sale of the lots, but only a definite colonisation tax (*Besiedelungsgebühr*). Also the profits it derives from its colonisation work are not very high, they are far below what it gains in other branches of commercial activity. The province of Pomerania is the territory to which its colonising work is chiefly extended, but it has also formed a very large number of agricultural holdings in the eastern provinces of Prussia, especially in East Prussia.

Recently the Government Privy Councillor of Agricultural Economics, Neutze, formerly member of the General Commission of Frankfurt on Oder, founded a "German Society for Home Colonisation in Berlin" (*Deutsche Gesellschaft für innere Kolonisation in Berlin*) which has already undertaken the subdivision of various landed estates.

We must now speak briefly of the Polish institutions engaged in subdivision of land. These institutions, the *Polish Colonisation Society*, the *Polish*

isation. As the Commission for Colonisation in Posen and West Prussia is establishing German peasants and labourers in those provinces, a large number of Polish Colonisation companies encourage the settlement of Poles in these and the adjacent provinces. The oldest institution of the kind is the *Bank ziemski* (Rural Bank) at Posen, which is a society limited by shares, which had at its start in 1886 a capital of 50,000 marks. This has now been increased to 4,000,000 marks. It has founded two other societies for the same purpose. It was very active, especially between 1882 and 1887, for a large number of small farms constituted by it and by societies of the same character were then transferred, through the medium of the Bromberg General Commission to the *Rentenbank*. There were more than 2,000 Polish peasants installed on these farms by the Bromberg General Commission in the seven years following the promulgation of the law on *Rentengüter*. However, the economic conditions of the colonies thus formed have been little encouraging. In fact, in view of the small means at the disposal of most of the Poles who desired to settle, the holdings were given too small an area. Further, in assisting the work of the Polish undertakings the Commission was acting contrary to the intentions of the Colonisation Commission the object of which was to increase the German population in these parts. For these reasons, after 1895, the Bromberg General Commission only intervened on the single condition that larger holdings should be formed and that in their distribution Germans should also be considered. Besides, it became more exacting in regard to the regulation of the position in public law. Consequently, its co-operation with the Polish colonisation banks gradually ceased. The *Bank ziemski* has, in consequence, more especially devoted itself to trade in land and mortgage operations, and, on occasion, it has not hesitated to transfer to other proprietors parcels the situation of which was little satisfactory.

In addition to it, in 1894 and 1896, two other large societies for subdivision of land began to work in the Province of Posen: the *Spółka rolniczo parcelacyjna* and the *Bank parcelacyjny*. Whilst the *Bank ziemski* was principally concerned with the subdivision of land belonging to the nobility (*Rittergüter*) and founded entire colonisation communities, these new societies devoted themselves principally to a more simple and lucrative work, that of the subdivision and grant of lots to neighbouring land holders (*Anliegerparzellierung*). They have subdivided and reduced the size of holdings of average area, and small holdings in order to transfer the parcels to small farmers already installed on the neighbouring farms. In view of the large number and scattered position of the very small Polish farms, the work has been very easy. It allows of the transformation of a large number of small holdings into important farms by means of a further purchase of land.

This subdivision requires a period of time of more or less length, capital for purchase of land and credit for the portion of the price not paid up or for second mortgages. The two societies derive the funds required for these operations, principally from the amounts deposited with them.

colon co-operative societies. They also chiefly concern themselves with *Antieigenschaftlichkeitsparzellierung*, which is most advantageous from the financial point of view, for it is not affected by the strict rules laid down by the law of 1894 on the foundation of farms. Their action finds support also in the excellently organized Polish popular savings deposit system. The Polish peasants and labourers deposit very considerable sums with them, nor is the effectual support of the Polish People's Banks lacking, as the societies are in constant relation with them. Even with the small means at their disposal, they sometimes attain surprising results. However, their system is not faultless. Indeed, their advance may be hindered by a great obstacle, the increase of the value of the soil.

B. — *Societies of Public Utility undertaking to form Holdings for Independent Colonists.*

Although the action of the general commissions has contributed to put private colonisation on the right road, it has given proof of its insufficiency. So, finally, special societies of public utility have been formed for the purpose of home colonisation with no intention of seeking profits, but of serving the interests of the community. In a few years these societies have assumed continually greater importance and have given the colonisation system a new and wider basis. And as their organization improves and their commercial and technical experience increases, gradually they are rendering the assistance of the general commissions superfluous, even if only partly so.

An examination, however rapid, of the duties performed by these public societies shows at once that their intervention in the work of home colonisation represents an effective progress.

In the first steps that have to be made in starting a colonisation undertaking an important quality of their organization makes itself apparent. They have not to wait until a proposal is made to them for the subdivision of a farm, but they can buy land for their own account, as soon as they see that its colonisation is desirable or advantageous. They are therefore in a much better position than the general commissions to conduct the business of home colonisation in a methodical manner in districts in which too large areas are occupied by large estates. Further, as they devote themselves permanently and exclusively to the work of home colonisation, they soon obtain far greater practical skill and certainty in the calculation of the value of the farms on which it is intended to establish colonies than the Government authorities can, as home colonisation forms only a part of the duty of the latter. Usually, the employees of the General Commissions have no thorough knowledge of the valuation of farms while it is just that which should serve as a basis for establishing the fair price of a holding. Besides, as appears from numerous examples, this cannot always be satisfactorily remedied by recourse to agricultural experts, chosen by the district authorities. Now a purchase made under these disadvantageous conditions

The society has another advantage, also of importance, in being able to purchase the necessary land for its own account. This means, from the first, the elimination of all intermediaries, who often impede the work, whether they be the former landowners, or private speculators more anxious about their own profits than the common interest. It is natural that all the improvements needed for the future prosperity of the colonists may be realised far more easily if a society of public utility deals with the matter, whether alone or together with the General Commission. The principal object of such a society is the permanent prosperity of the colonies it founds, whilst private individuals, who would have to occupy themselves with most of the details of the organization of these colonies and even bear at least part of the cost, in the first place have not the necessary competence, and then, principally, consider their own advantage.

Again societies seem best suited to settle the plan of subdivision and to accomplish the other acts preparatory to the sale, which are complicated by questions of surveying and administrative technique in the first place and then, in the particular instance, by those of general agricultural interest. They may, in fact, dispose of a body of competent employees, well acquainted with the objects and requirements of home colonisation, whilst private persons are little experienced in such complex problems, although in this point they may have the assistance of the General Commission. And it is just in the establishment of the plan of subdivision and in the settlement of the price of the lots that errors leading to serious consequences may be committed. Now the General Commissions leave the colonisation societies full liberty in this respect. They only reserve their right to approve.

Also with regard to the recruiting of colonists and the passing of contracts with them, a society, employing skilled agents for the work of sale is in a position of superiority as regards private organizers of colonisation. The fact that the temporary working expenses to be supported between the date of purchase and that of the division of the land may decrease considerably if the sale of the lots is rapidly completed has a great influence on the success of a colony.

The societies of public utility may also render important services in the construction of buildings. They have special employees for the preparation of the plans and the organization and supervision of the work. And they may also exercise an influence for good as regards the improvement of the systems employed in rural construction.

There is one point it is well to consider in which the superiority of the colonisation societies over private organizers appears, that is in relation to finance. Even persons who are exceptionally fitted for the organization of colonisation, find it a cause of serious difficulty that they have not all the experience necessary. But what such persons above all want in most cases are funds to meet the requirements peculiar to undertakings of this character, for, as a rule, it is their great need of money which drives them to undertake the subdivision of their land.

It is not only on account of the technical difficulties of home colonisation on which we have dwelt, but especially on account of the need of work-

ing capital that these colonisation societies have been founded. It is true the *Ueberkredit* granted since 1900 facilitates the work of colonisation, but, in most cases, even since its application was extended in 1910, it is still far less than is needed; it cannot suffice for the extinction of debts and charges or to cover all the other considerable expenses involved in a work of this character. The same holds with regard to the State *Ueberkredit*: it considerably facilitates the purchase of land, but it is insufficient to meet these needs.

From all we have said it may be concluded that it is very important for colonisation societies to have a solid financial basis and derive their capital from the contributions of their members or from State subventions, as has been confirmed by the first practical experiments of societies of this character.

Opinions were long divided in regard to the *form most suitable for colonisation societies*. This was one of the points most fully discussed at the Conference held on June 14th. and 15th., 1909, assembled to discuss the organization of home colonisation. The Minister of Agriculture, von Amin Crieven presided, and the Conference was attended by a large number of deputies of the Landtag, representatives of various public offices and colonisation societies and the most conspicuous partisans of home colonisation. All were fairly agreed, it is true, in recognising that it was not very advisable to entrust all the work of home colonisation in the other provinces to organizations dependent solely on the State, such as the Commission for the Colonisation of West Prussia and Posen. This Commission has indeed done excellent work from the technical point of view and founded colonies in a way that might serve as an example, but it entails too great sacrifices for the State.

Besides, a Government organization thus constituted has not generally that freedom in the conduct of business so necessary in order to profit by every good opportunity and obtain the greatest possible advantages with the most limited resources. Further, it may give rise to another difficulty. As a representative of the Department of Finance said at the Conference, when the State undertakes a work, an *Allgemeiner Raubzug*, a general greediness, usually declares itself; sellers, colonists, commissioners, and institutions in public law, all advance much larger claims than if they had to do with a private contractor. It is because these defects were recognised as inherent in colonisation carried out by the Government authorities, that, since 1909, greater freedom of action has been accorded to the President of the Colonisation Commission of West Prussia and Posen.

In order to be sure that the means placed at the disposal of home colonisation by the State are employed in the most useful manner possible, it has seemed consequently preferable to choose a form of greater freedom, in which, together with the principle of public utility, sufficient account will also be taken of the importance of the economic results to be obtained. The principal point to be considered was, whether a society in public law or a society in private law would be best able to satisfy these two requirements at the same time.

Those in favour of the form of a society in public law, amongst whom Herr Kapp of Königsberg, General Manager of the East Prussian Landschaft was specially prominent, declared that the object aimed at by the State in its work of home colonisation would only be fully attained when, in every province, the mission was entrusted to autonomous administrative bodies, of general agricultural competence, that is to say the provincial administrations, the consortiums of communes formed by districts and the Landschaft. A society in public law, formed by such institutions, must, with the intervention of the Chambers of Agriculture and the large central agricultural federations, occupy itself with colonisation as one of the very purposes of autonomous rural administration. As sacrifices would have to be made for an object of such great social and national importance, the funds should be furnished without interest by the autonomous institutions and the State. The surplus profits must be used for social agricultural institutes. While contributing largely to the formation of the necessary working capital, the State must not in any way take part in the administration of the undertaking, but only exercise its general right of supervision over it.

However, this proposal was not accepted by the Government. Similarly, the majority at the Colonisation Conference showed themselves rather inclined to accept the form of a society in private law, which, in fact, had meanwhile been introduced in the foundation of the Agricultural Society of East Prussia (*Ostpreussische Landgesellschaft*). It was alleged, that like a state institution, a Society in public law would be trammelled in its action.

Besides, many were afraid that it might be prejudicial to the progress of home colonisation to leave the work in this way at the mercy of the large land holders. Most of them are only in favour of a system of colonisation not carried beyond certain limits, for in a very extensive division of the landed estates they see a menace to their economic, social and political position, and a reduction of the number of offices the rich owners of large landed estates are called on to fill as promoters of agriculture and representatives of the farmers. According to their view, the number of small holdings of average area should be increased by, as far as possible, converting to the purpose remote farms and parts of farms in a disadvantageous position, for the separation of such portions of farms would not injure, but on the contrary benefit, the rest of the farm from which they are detached. By such a system they would avoid the continual increase in the value of land and the variability of the position of the farms, which are the frequent and natural consequence of the continual subdivision of all landed estates. However, to take the opinion of those who know the situation best, if these criteria were accepted, it would be only exceptionally that results could be obtained in the field of home colonisation.

While pursuing public utility as an end in home colonisation, it is therefore necessary to proceed in the matter in accordance with commercial principles. It is also desired to prevent hostile groups exerting a hurtful influence and to render realisable the co-operation of all partisans of colon-

sation. This has caused the foundation of societies of home colonisation with limited liability. In some provinces in which organizations with less resources and constituted less strictly may suffice, it has been considered enough to found simple co-operative societies.

First of all, the State, the Province and the administrative districts have undertaken the foundation of these societies. In Brandenburg and Hanover many towns even have concerned themselves in the matter. But their form of private societies allows of private individuals, societies and federations of private character associating in the work, so that all the forces disposed to act in the domain of home colonisation may be invited to take part. The predominant power of the State and that of the other institutions of public law subordinate to it are there to provide that no private interest exert an injurious influence, and on the other hand this is also provided against by the limitation of the dividends, as they can not by the rules be more than 4% or 5%. As it is still necessary for the societies to have some profit, however small, and as they are independent commercially and financially, they are managed on really commercial principles and the means at their disposal are employed by them as best may answer their object.

These limited liability societies have as executive authorities their members' meetings, a council of supervision and their managers. The latter are authorized to take decisions on their own initiative in most cases. By the rules they are in fact given very ample powers so that they may not be impeded in the execution of their task by finding themselves in too subordinate a position. The council of supervision must only be referred to on serious occasions. Thus it is for that council in each case to approve the plan for the utilisation of the landed estates to be divided, and to decide on the general lines in accordance with which the work must be carried out.

The first president (*Oberpräsident*) of the province represents the State in the Board of Supervision. In accordance with the general rules for limited liability societies, the influence of the State is in proportion to its share in the capital. This influence is, however, very much limited by the rules, so as to prevent the State, by means of a large number of votes controlling the decisions of the council of supervision or the members' meeting. In this way it happens that not only the general interests of the State, but also the local interests are given fair consideration and protection.

The financial assistance the State grants these societies of public utility for colonization is quite considerable. Besides a permanent contribution to their share capital, generally equal to the amount paid up by all the other members together and now amounting to 10,000,000 marks, the societies receive in East Prussia,⁹ Brandenburg and Pomerania considerable annual subventions in proportion to their activity, under the form of contributions to the *Ausgleichsfonds* and supplementary payments for areas colonised and new holdings formed. The *Ausgleichsfonds* is a special reserve fund to be distinguished from the general reserve fund. It is intended, to be used in accordance with the advice of the council of supervision, to meet eventual deficits in connection with colonisation due to the institu-

tions and works of collective interest in public law, (communes, benevolent institutions, ecclesiastical and scholastic organizations, road construction, trenchin etc.) entailing greater expenditure than was foreseen at the date of purchasing. Amounts cannot be withdrawn from this fund until after the final regulation of the accounts of the various colonisation undertakings. The annual contribution of the State to this fund corresponds, as a general rule, with the amount contributed by the society itself, in conformity with its rules, out of its profits. In 1911, the "Society for the Colonisation of East Prussia" (*Ostpreussische Landesgesellschaft*) received 65,000 marks. The Society for the Colonisation of Pomerania (*Pommersche Ansiedelungsgesellschaft*) 7,000 mks.

The supplementary contributions paid by the State for areas colonised and holdings formed also go to increase the *Ausgleichsfonds*. They amount to 10 marks per hectare colonised; 800 marks per holding of less than $1\frac{1}{2}$ hectare; 600 marks per holding between $1\frac{1}{2}$ hectare and 1 hectare in area; 400 mks per holding of larger area. But these contributions must not be made use of in accordance with a purely mechanical system. They must only be used in case of real need to make up the difference in expenditure between some colonisation undertakings and others. There are some in which the purchase of the farms is made under advantageous conditions, the temporary administration is conducted in a really enlightened fashion, the subdivision is rapid, the lots easily find purchasers and there is less expenditure on the institutions of public character: these are undertakings in which everything is carried on under quite specially advantageous conditions. On the contrary, there are others, in which, in this respect, the results are far less satisfactory. Hence the difference to be made up. In 1911, the amount of these funds not to be repaid furnished to the three colonisation societies for East Prussia, Pomerania and Brandenburg was 545,099 mks., of which 339,809 mks. were for East Prussia, 161,660 mks. for Pomerania and 43,630 for the Government district (*Regierungsbezirk*) of Frankfurt on Oder.

We must further add to this the *Zwischkredit* from the *Rentenbanken* and the *Ueberkredit* from the State which, since 1911, has only been granted to societies for colonisation of public utility, whilst at first it was also granted to private colonisation undertakings, such as those of the *Landbank*. At the end of 1911, there was an amount of 4,745,000 mks. to be administered by the *Seehandlung* for the realisation of the same object. The *Zwischkredit* granted by the *Rentenbanken* amounted at the end of 1911 to 12,800,000 mks.

Finally, we must also mention the fact that the State again invests in favour of home colonisation the dividends it receives from the net income of the colonisation societies. In investing these amount, and utilising them it conforms to the wishes of the societies themselves.

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After having thus shown the essential elements constituting the colonisation societies of public utility we shall now sketch in outline their actual development.

The first society of this character, was founded entirely by private initiative in 1898 under the name of the German Colonisation Society (*Deutsche Ansiedelungsgesellschaft*). Its founders have the merit of having first realised the idea of colonisation societies of public utility. Among these founders, were Herr Thiel, Manager in the Department of Agriculture, who deserves high praise for his work in behalf of the German agricultural peasants and labourers; Baron Wangenheim, the indefatigable partisan of home colonisation; Professor Sering, representing agricultural politics at the University of Berlin; and, finally, Herr Metz, who was at the time president of the Frankfort on Oder General Commission. For the field in which to exercise its action, this society chose the province of Pomerania, which, after the provinces of West Prussia and Posen is the most important in Prussia for the purposes of home colonisation. It proposed in the first place to oppose the subdivision of the soil for the realisation of profits by means of colonisation methodically carried out for the general advantage. However, after two years' work productive of good results, it was forced to go into liquidation for want of funds. Its capital was only 25,000 marks, and, naturally, so small an amount must be insufficient for the heavy task of founding self supporting rural communes. Indeed, the founders had counted on the State supporting their efforts by the grant of State lands and large credits. But their hopes were realised in a very insufficient degree. Still, during the short period in which it was able to work, it divided 3,750 hectares and formed 513 farms, 35 of them for labourers.

In 1903, as a successor to it, the Pomeranian Chamber of Agriculture founded the Society for the Colonisation of Pomerania, a registered limit liability co-operative society (*Pommersche Ansiedelungsgesellschaft e. G. m. b. H.*). It began to work with a capital of 2,200 marks, and, as a further guarantee, to enable it to apply for credit, it also engaged to pay a sum ten times greater than this. Credit was specially granted to it by the Pomeranian Agricultural Society Bank (*Pommersche Landesgenossenschaftskasse*). In 1905 the value of the shares was raised from 100 marks to 1,000 mks.

There adhered to it, besides, as members, the State, the Province, the Chamber of Agriculture, a large number of the rural districts and gradually also a large number of persons of the various professions. This society received at first very large assistance from the Government, which did not limit itself only to taking shares in the society, but also accorded it *Ueberkredit* and subventions out of its fund of two millions. At first, as its capital was not very large, it worked principally in accordance with proposals made by the landowners. Later on, it bought landed estates for colonisation on its own account and in accordance with its own principles it conducted its work of colonisation in agreement with the Frankfort on Oder General Commission.

The number of its members was 241 at the end of 1910. They had altogether 725 shares of 1,000 marks each and had assumed liability for a corresponding amount. The reserve fund accumulated at this date was 490,000 mks. It had therefore already considerable means at its disposal

These means were however still far too small for the work to be accomplished, the rather as a large part of the landed estates had been mortgaged for the amount of the balance of the purchase price (*Resthypothek*) and, in terms of the law on *Rentengüter*, repayment could not be claimed for ten years. It is only with difficulty the farms can be transferred or given as security. For this reason, as we shall see hereafter, the society, like the East Prussia Colonisation Society, at the end of 1910 transformed itself into a Society with a much larger capital. While it lasted, from 1903 to 1910, the Society for the Colonisation of Pomerania provided altogether for the colonisation of 69 landed estates covering about 32,000 hectares and formed 1,278 farms. Of this number, 25 are holdings of more than 100 hectares, 123 of between 25 and 100 hectares, 694 of between 10 and 25 hectares, 167 of between 1½ and 10 ha., 70 of between 5 and 7½ hectares, 57 of between 2½ and 5 hectares and 142 of less than 2½ hectares. Small peasants' holdings, therefore, of between 5 and 25 hectares, form about two thirds of the total number. Most of the colonists, that is 1,006, are of the province itself. If we take into account colonisation undertakings recently terminated, the number of the *Rentengüter* founded by the society amounts to 1,306, and to this figure we must add 125 founded by means of the addition of parcels to holdings already existing (*Zukaufsrentengüter*).

In order to realise home colonisation in the Province of East Prussia, the East Prussia Colonisation Society, Ltd, (*Ostpreussische Landesgesellschaft, m. b. H.*) was founded at Königsberg in 1905. Its founders were the State, the Agricultural Bank (*Landbank*) of Berlin, limited by shares; and the East Prussia Provincial Society Bank (*Ostpreussische Provinzialgenossenschaftsbank*) of Königsberg, working as a clearing house for the agricultural co-operative societies for purchase and sale in the province. They contributed 600,000 mks. each. The agricultural bank and the provincial society bank of the co-operative societies had a right to a dividend not to exceed 5%, whilst the State renounced all claim to any interest on its capital. The agricultural bank could further ask that not less than 2,500 hectares of land should be given to it for colonisation in return for payment to be established in advance, but not to exceed 75 % of the total purchases made by the society. In return it renounced all right to make purchases directly for its own account in the province and placed its practical experience and its assistance at the disposal of the society. However, this co-operation of a private society formed with a view to profit with the colonisation society which is one of public utility, occasioned no little ill humour in agricultural circles in the province. And in 1909 the agricultural bank withdrew from the society.

Shortly after, also with a view to increasing the amount of capital, provision was made for the complete reconstitution of the *Landgesellschaft*, with regard to which already there had been pronounced differences of opinion in the circles of the province interested in home colonisation. These differences were caused first of all by the colonisation proposals of the East Prussia *Landschaft*. In the proposal made by it to the Government on January 11th., 1908, with regard to colonisation and the establishment of

agricultural labourers, the Landschaft had first of all prepared a plan, in accordance with which home colonisation in East Prussia should be directly undertaken by it, with the help of an affiliated society receiving financial assistance from the State. Then, as the State did not authorize this, in January, 1909, it made a report on home colonisation in East Prussia, in which it recommended the foundation of a society in public law. But, whether on account of reasons of the general character we have already given or because a limited liability society in private law would have greater facility in continuing its current business as well as a possibility of a larger number of members, the State gave it the latter form. Thus there participated in the formation of the new society, the State, with a capital of 3 ½ million mks, the province, with 2 million, the Chamber of Agriculture, the East Prussia Provincial Society Bank at Königsberg, the Wormditt Central Agricultural Bank and the Central Agricultural Credit Bank of Germany, with headquarters at Berlin (*Landw. Zentral-Darlehenskasse*), each to the extent of 150,000 marks and all the agricultural districts of the province each to that of 30,000 mks., or altogether 1,050,000 marks. Besides, a private member contributes an amount of 1,000 marks, so that the capital of the Society is now 7,151,000 marks. This capital will be completely paid up by means of instalments on July 1st., 1914. The *Landschaft*, which had been invited to adhere, abstained, as its proposal to give the society the form of a society in public law had not been accepted, and also because it did not completely approve of the objects of the *Landgesellschaft*. In fact, the latter has not only to provide for the increase of the holdings of the agricultural labourers, but also, with the assistance of the agricultural co-operative societies, it has to concern itself with the dismorgaging of the holdings already formed. The *Landschaft* had already undertaken this same work on its own account as far as medium sized and large landed estates were concerned, so it considered it unnecessary to extend further the field of action of the *Landgesellschaft* to the point of entrusting it also with this task. It is also of opinion that it is doubtful whether the association of co-operative societies in the work is advisable, for, according to its view, it would be little in agreement with their nature to guarantee long term loans for dismorgaging; on the other hand, it considers that it is the special duty of the *Landgesellschaft* to provide for colonisation by labourers, whilst, according to the existing organization, this is a duty entrusted principally to the local districts and societies.

The composition of the board of supervision of the *Landgesellschaft* is regulated so that a contribution of 150,000 marks to the capital of the society gives right to the appointment of a member, and every contribution of 900,000 marks gives right to the appointment of two members. The board is therefore composed of two representatives of the State, two of the province, two of the rural districts, one of the Chamber of Agriculture, one of the Provincial Society Bank and one of the Central Agricultural Credit Bank of Germany. Besides, it is provided that the majority of the members of the board of supervision must have their residence and be landed pro-

priests in the province, and be occupied there or have been occupied there as farmers.

Up to the end of 1912, that is to say in about seven years' existence the East Prussia Society of Colonisation had founded 1,194 holdings of altogether 16,803 hectares; 269 holdings of 3,711 hectares altogether being formed in the last year. Of this total 28% are labourers' and artisans' holdings of less than 2½ hectares. Then, 63% are peasants' holdings of between 2½ and 25 hectares; 9% are larger peasants' holdings and *Restgüter* of over 25 hectares. Two fifths of the colonists come from the province itself and about 200 are Russians of German origin and now returned to Germany. Sometimes the *Landgesellschaft* also undertakes to subdivide holdings in communes already formed, so as to hinder subdivision on a *baugrund* system. In such case it habitually enters into partnership with the rural credit bank of the locality and the landowner. In virtue of this contract the subdivision is carried out by these three partners collectively. Up to the present there have been five cases of such subdivision of land of a total area of 397 hectares. Thus 17 new colonies have been formed and of already existing ones enlarged. With regard to renting landed estates by means of dismorgaging (*Besitzfestigung*) the *Landgesellschaft* has not as yet obtained any positive success, for it has not had the funds for second mortgages. The loans of the Provincial Subsidy Bank (*Provinzialhilfskasse*) granted on mortgage as security, and passed under the form of provincial credit securities (*Provinzialanlehensscheine*) did not suffice to attain this end, for, as these securities were quoted at a fairly low rate, the cost of the credit was too high. In future, the State may perhaps provide the Society with the necessary funds in conformity with the law of June 26th., 1912 for the reinforcement of the German element in certain districts. By this law a sum of 100,000,000 marks was placed at the disposal of Government for the consolidation of landed property in certain parts of East Prussia, Pomerania, Silesia and Schleswig-Holstein.

To show more clearly the financial conditions of a large colonisation society, we reproduce from the report of the East Prussia Agriculture Society for the year 1911-1912 and its balance sheet dated March 31st 1912, the details of greatest interest for us. At that date, of 7,151,000 marks of share capital, 5,053,750 marks had been paid up. In round numbers the net profit for the year appeared as 330,000 marks. The reserve fund, on March 31st., 1912, was 83,000 marks, increased by 33,000 marks by means of payments made out of the net profits of the working year. In addition there were special subsidiary funds for a total of 110,000 marks and a dividend reserve fund (*Dividendenzurücklagefond*) of 26,000 marks raised to 45,000 marks. From the amount of net profit 85,000 marks was also deducted and added to the *Ausgleichsfonds* which already on March 31st., 1912 amounted to 944,000 marks. The funds placed at the disposal of the society under form of loans, consisted of 5,899,000 marks in loans on land from the *Königliche Seehandlung*, 167,000 marks derived from the *Zwischenkredit* on State dividends, 583,000 marks due in current account and 480,000 mortgage debts. The principal inve-

ments were: in bills (above all *Rentbriefe* issued by the Rentenbanken) for the amount of 2,341,000 marks; in mortgages for the amount of 836,000 mks; in amounts still due on purchase price of farms (*Resthypotheken* and *Restrenten*) for the amount of 3,221,000 marks; in purchase of holdings for that of 5,247,000 marks; in loans for dismortgaging, 310,000 marks; in loans on mortgage, 180,000 marks; in advances in current account, 339,000 marks and in credit to the Provincial Society Bank of the Co-operative Societies of East Prussia, 853,000 marks. The total amount shown on the balance sheet was 13,757,000 mks; the total business done in 1911-1912 was 101,000,000 mks, and the cash business amounted to 13,800,000 mks.

In the same way as the Society of East Prussia, so also after discussions lasting from 1908 to the end of 1910, the Society of Colonisation for Pomerania was transformed into a new society called the Pomerania Colonisation Society (*Pommersche Landesgesellschaft*). It began working on January 1st., 1911.

Its initial capital was 4,800,000 marks. The State contributed half, or 2,400,000 marks; the province, 2,000,000 marks; the society of colonisation for Pomerania, which still exists and the object of which is the settlement of labourers, 250,000 marks; and the Agricultural Society Bank of the Pomeranian Co-operative Societies, 150,000 marks. In the course of 1911, most of the agricultural districts of Pomerania declared themselves ready to adhere. In consequence, the members' meeting of December 13th., 1911 decided on raising the capital of the society to 6,000,000 marks. The State raised its contribution to 3,000,000 marks; the 23 districts adhering to the society furnished 448,000 marks, and the Agricultural Society Bank of the Pomeranian Co-operative Societies increased its contribution by 152,000 mks. The Council of Supervision is composed of two representatives of the State, two of the Province, two of the Society of Colonisation for Pomerania, and one of the Agricultural Society Bank of the Pomeranian Co-operative Societies. In the two years 1911 and 1912, the society bought 8,519 hectares at an average price of 1,036 marks.

A third large colonisation society was founded for the province of Brandenburg at Frankfurt on Oder, on June 28th., 1910, under the name of "Own Lot" Colonisation Society (*Landgesellschaft "Eigene Scholle"*). This society owes its foundation above all to the Government President (*Regierungspräsident*) von Schwerin, who saw that, in view of the two circumstances, a small population and a large immigration, making their appearance equally in his district (Frankfurt on Oder) and in other Eastern districts of Prussia, it was necessary to adopt the same measures to meet them. In spite of the indifference at first shown among agricultural circles of the province in regard to home colonisation, after 22 preparatory meetings, a society was founded with a capital of 3,594,000 marks. The State adhered from the start and subscribed 1,000,000 marks. In 1911, the capital of the Society amounted to 8,287,000 mks. Of this amount, 4,436,000 marks was not yet invested on June 30th., 1912. At that date, the society had at its disposal 4,435,000 marks lent it by the *Seehandlung*. The

capital is provided by the State and, in addition, by the Provincial Federation (*Provinzialverband*), a large number of districts and towns of the province, many corporations, banks and industrial societies, limited by shares, and also more than 200 private persons. The Board of Supervision, as in the case of the colonisation societies of East Prussia and Pomerania, is composed of representatives of the State, the Province, the districts, towns, and other members of the society. In the meetings every 1,000 marks of capital gives right to one vote, but, as in the other societies of the same character, no member may dispose of more than a third of the total number of votes.

In the early years of the society (between July 1st, 1910 and June 10th, 1912) it bought 21 landed estates covering 8,958 $\frac{3}{4}$ hectares in order to form peasant holdings. It has, besides, bought 118 $\frac{1}{2}$ hectares in order to establish colonies of labourers on them. During the same period it settled 238 families on these new holdings. There were besides 86 families formerly occupying the position of *Häusler*, a sort of colonists renting a small holding and obliged to work on the landlords' farms, who now became independent farmers on small farms of their own. Of these 138 really new farms, 98 were of an area of from 10 to 20 hectares, 29 were small peasant holdings of from 8 to 10 hectares, 18, artisans' holdings of from $\frac{1}{2}$ hectare to 5 hectares, 113, labourers' holdings of from $\frac{1}{8}$ hectare to 1 $\frac{1}{2}$ hectare in area. In the field of workmen's colonisation pure and simple, the society undertook to found 14 colonies for industrial workmen and agricultural and industrial workmen. The *Landgesellschaft* "*Eigene Scholle*" also intends, with the help of the Federations of the Agricultural Co-operative Societies to occupy itself with the dismortgaging of peasants' holdings without, however, having directly to furnish the amounts required for second mortgages.

There are other provincial colonisation societies, in *Hanover*, founded in 1907, in *Schleswig-Holstein* in 1909, and in *Hesse-Nassau* in 1911. They are less important, for, as the land is better divided in these provinces, the intervention of societies of this character is not indispensable. They may, however, exert a very beneficial action by substituting the profession of intermediaries, when the subdivision of landed estates becomes necessary through the bad economic situation of a farm, or when capital must be sought for improvements or alterations, as, for example, the increase of the live stock, or again when the labour supply is inadequate, or additions must be made to the necessary farm buildings, or when special circumstances make it necessary for the landowners. These societies may also be useful when the peasant holdings already existing have to be given a more solid position by means of dismortgaging and when provision has to be made for colonisation by means of the installation of labourers on the farms.

The Schleswig-Holstein colonisation society of public utility and in *Hanover* one of the same character are registered limited liability co-operative societies (*Genossenschaften*). The Hesse-Nassau colonisation society at Cassel, is a limited liability society (*Gesellschaft*). All three have members the State, the Province, a large number of agricultural districts

and other societies of public law, as also many individuals, private associations of commercial character and benevolent societies. The agricultural co-operative societies above all support these colonisation societies very loyally. The colonisation society of the province of Hesse Nassau even chiefly owes its existence to the Federation of the Agricultural Co-operative societies of Hesse.

Up to the present, very little has been done for home colonisation in the province of Silesia, although the land there is very badly distributed. Only this year the limited liability society for the colonisation of Silesia (*Schlesische Landgesellschaft m. b. H.*) has been founded, to concern itself equally with dismortgaging and the formation of new peasants' and labourers' holdings. Its initial capital is 5 ½ million marks. It has as members the State, the Province, the Landschaft and three co-operative banks of Silesia.

At present efforts are being made for the formation of a colonisation society of public utility also in the Province of Saxony. The Provincial assembly (*Provinziallandtag*) has already granted 2,000,000 marks for the purpose, on the proposal of the first president of the province.

3) *The Foundation of Holdings for Agricultural Labourers in the Public Interest.*

Colonisation by agricultural labourers has only assumed considerable importance in Prussia in recent years. It has now become a special branch of home colonisation. The Colonisation Commission and the General Commissions were already previously disposed to found labourers' holdings when they were engaged in the settlement of peasants. But this form of labourers' colonisation, can only be carried out to a limited extent. In general, in the new colonies there is no need to find constant occupation for a large number of rural labourers, for the farms are, generally, of an area corresponding with the working capacity of the landowner and his family. However, the efficiency of agricultural labourers is a phenomenon manifesting itself in other parts of the country and quite specially also in districts where there are large peasant holdings. And the difficulty has to be met even independently of colonisation by means of peasants.

To encourage the colonisation of labourers, the Government has taken various measures, the effects of which are already beginning to make themselves felt, although, in most of the provinces, the question has hardly been touched. First of all, in conformity with the resolutions of the Chamber of Deputies and the College of Rural Economics (*Landes Oekonomisch-Collegium*), the minimum area of the *Rentengut* has been reduced to 12 ½ acres by Decree of January 7th, 1907 (1). In this way, the General Commissions have been enabled to co-operate to a larger extent than previously in the formation of labourers' colonies. In conformity with the Decree

(1) The decree also permits of the formation of colonies of industrial workmen, with the assistance of the *Rentenbanken*. Various special regulations have been established in connection with this matter.

of November 16th, 1861, their intervention in the work of home colonisation was only allowed when holdings of average and small area were to be formed, presenting conditions at least guaranteeing the owner living on his *Rentengut* the necessities of life. In accordance with the principle ruling at the start, the advantages of the law on *Rentengüter* could only be granted to small holdings with a single house surrounded by a certain area of kitchen garden.

Exception was only made for holdings intended for artisans considered as indispensable for the life of the rural community it was intended to form.

By Decree of August 10th, 1909, *State subventions* were granted in the various provinces for the formation of labourers' *Rentengüter*. The grant of these subventions was subject to certain rules, the object of which was to hinder their being used for other purposes than those of the general interest. Thus, they can only be granted through the medium of districts and colonisation societies of public utility with a sphere of action limited to a small district. Only such institutions can pass contracts with the colonists for the constitution of holdings. The registration of any real charge on a holding in favour of an employer of agricultural labour is forbidden. If after the loans granted by the *Rentenbank*, a mortgage has to be registered for the balance of purchase price due (*Resthypothek*) it may only be registered to the credit of the district, the colonisation society or an institute of credit of public utility. The object of these provisions is that the labourer shall not, as a result of purchasing a holding, become economically dependent on an agricultural employer and shall not in any way be bound in respect to the offer of his labour. On the other hand it is not only permitted but also very much desired that the landed proprietors should exert themselves in favour of the establishment of labourers in the country. In this case their co-operation may take various forms: they may grant suitable land at a low price, advance implements or building materials, offer to stand security with the districts or colonisation societies, or lend the money required for *Resthypotheken* and *Restrenten*. Independently of the contract for the constitution of the colonising labourer's holding, the agricultural employer may also make an additional contract with him to assure himself of his labour in return for special advantages, such as, free grazing, the use of meadows etc.

Further, it is required as specially necessary that the demand for labour shall be constant and not merely on the part of a single landholder. The area of the parcels must not be more than $1 \frac{1}{2}$ hectare. To assure their preservation and especially to prevent their sale to the large land holder in the neighbourhood, stipulation must be made for a right of repurchase by the colonisation society, transferable to the State on demand. The contributions granted by the Government on these conditions are 800 marks per holding in the provinces of East Prussia, Pomerania and Brandenburg and 500 marks in those of Hanover and Schleswig-Holstein, and, in addition, 1 mark per hectare. These contributions are assigned to the constitution of an *Ausgleichsfonds*. Each district and each colonisation society must

ve such a fund, it can only be used for labourers' colonisation; above all cover the expenses of the regulation of the position in public law.

For the provinces of West Prussia and Posen, which come within the department of the Colonisation Commission, the Decree of September 10th., 1901 lays down similar conditions. The districts, colonisation societies and even the communes, receive subventions out of the colonisation funds to the amount of 1,000 marks per holding duly formed. Up to the end of 1912, the Colonisation Commission had assigned 285,000 marks in prizes to these two provinces, 273,000 marks in the province of Posen, and 12,000 that of West Prussia.

The State lands and forests must also derive some benefit from labourers' colonisation. As a rule, here also it is for the districts and local colonisation societies to make provision.

If they do not, the forest administration may concern itself in the matter as authorized by the Minister of Agriculture on September 15th., 1909. In this case the necessary funds are lent by the *Rentenbanken* as in the case of other colonisation work, or furnished to the buyers by the State, with entry of a charge in the land registers, to be paid off in instalments.

In conformity with the provisions now in force in regard to labourers' colonisation, landholders who desire to establish labourers on their farms on their own account receive no subvention from the State. Yet they are always able to obtain, by virtue of the Decree of January 8th., 1907, the assistance of the General Commissions and of the *Rentenbanken*, if their object is not to make a profit and if there is no doubt as to their good character and financial position.

However, to obtain the State subvention they must apply to the district council or the colonisation society authorized in the district. The practical results of the decree of 1909, therefore, depend essentially on whether a sufficient number of colonisation societies of public utility have been formed; whether the districts are disposed to undertake labourers' colonisation.

Up to the present, few districts have occupied themselves in the matter, but some have done excellent work. This is above all because most of the farmers are not yet sufficiently prepared to understand the importance of measures of this character. In particular, on many sides, objections are made against labourers' colonisation. They say it requires sacrifices and increases the general burdens of the communes in respect of schools and churches to be built and benevolence to be exercised, without in any way taking into account that the labourers will actually place their work at the disposal of the farmers and will no longer go to seek employment in the neighbouring towns.

The societies for small colonies (*Kleinsiedlungsgesellschaften*) have for the most part taken the form of co-operative societies (*Genossenschaft*). They are above all numerous in the Province of Posen. In the number of the *Archiv für innere Kolonisation* for September, 1912, we find that in 1911 4 societies of this character were at work devoting themselves to agricultural and industrial workmen's colonisation. They owe their origin partly to the public authorities. Among their members we find farmers

as well as many merchants and manufacturers. And since their object must not be to make profits, but only to act in the public interest, the interest on shares must not exceed a maximum of from 4 to 5 %.

The most important colonisation society of this character is the German small colonisation society of Ostrowo in the province of Posen. We shall give a short account of it here, as an example. It was founded in 1906 by the committee of assistance for Germans returning to the Fatherland, founded itself the year before in the same city. It proposes principally to offer peasants and labourers of German origin leaving Russia, in consequence of the political disturbances, the possibility of establishing themselves on German soil, when the limited means at their disposal would not allow of the Colonisation Commission and the General Commissions establishing them on a farm properly so called. The shares of the society are of 300 marks value. The maximum dividend is fixed at 4 %. The society also issues bonds of 30, 100 and 1,000 marks at 4 %. At the end of 1910 there were 887 members possessing 1,300 shares. The amount of the bonds issued was 245,750 marks. Up to the end of 1910 the society had bought 584 hectares and sold 225 parcels of an area of 460 hectares, but chiefly to workmen not engaged in agriculture. In 1911 it founded branch associations for a part of its original field of action, since the State subventions granted to it were only for four districts.

The fact that labourer's colonisation is entrusted to districts and to local colonisation societies and new provincial colonisation societies is due to the special conditions of this branch of colonisation, differing completely from that for settling peasants. When large estates are transformed into small farms, the serious problems with regard to their valuation and intermediate administration, the plan of subdivision and the preliminaries of installation, as also the financial problems, are more easily solved by large central institutions of both technical and financial solidity. In the case of small settlements all this work is very simple or has not to be done at all. On the contrary, a very accurate knowledge of the local conditions is required, for, in every instance, a minute and thorough examination must be made of the conditions of labour and their relation to the wages, the possibility of obtaining the necessary land, the position and size of the parcels and the cost price of the buildings. A society with a very extended field of action would therefore have to have a very costly administrative system with many ramifications. Whilst the representatives of the district or the managers of the colonisation society resident on the spot or in the neighbourhood could form an idea of the position personally and judge of it much more easily.

However, the large provincial colonisation societies have an important task to accomplish also with regard to colonisation by labourers only. In this case, they may and ought to aid the districts and small colonisation societies in their efforts until these institutions have had sufficient experience of their own. They will assist actively and with advice in the development of their colonisation work. The "Eigene Scholle" Colonisation Society has appointed agents for the purpose in certain districts. In East

Prussia the State has also entrusted the large colonisation society with the supervision of the labourers' holdings formed and the concession of Government subventions, whilst in other provinces the General Commissions have been charged with these duties.

In Posen and West Prussia, labourers' colonisation has recently been regulated so that the Colonisation Commission advance 75 % of the value of the landed estate with the help of banks for hiring land, namely the *Deutsche Mittelstandsbank* in Posen and the German Agricultural Bank for West Prussia at Dantzig, (1) on the security of the colonisation society. If the whole of the purchase price is not paid at once by the purchaser, he is granted a loan for the balance by the bank for the consolidation of real estate, on the security of a *Resthypothek*. These loans granted by the Colonisation Commission are not extinguished in the same way as the charges (*Renten*) to be paid on the *Rentengüter* formed by it. They are repaid in the period of 60 ½ years in regular instalments of 4 % per ann., as in the case of loans granted by the *Rentenbanken*. Since the loans are made in cash, in this way the loss is averted that might result from the employment of bills of the *Rentenbanken* (*Rentenbriefe*), a loss which considerably increases the cost of the holdings founded with the intervention of the General Commissions. On the other hand, advantage cannot be taken of the *Zwischenkredit* granted on cheap terms by the *Verhandlung* whilst the banks for the consolidation of real estate only grant credit for the formation of colonies at a very high rate.

In the other provinces the financial question is also of greater importance. It is only rarely that the districts, societies for small colonisation or other organisers of colonies are in a position, with their own capital, to form labourers' holdings or even merely to advance the balance of the purchase price of a landed estate, after the loan has been granted by the *Rentenbanken*. The subventions granted them by the State must not be used for this purpose, but are only intended for purposes not forming a charge against the future colonists. There are, however, various sources from which the necessary funds may be obtained. Here there is a profitable field open for the activity of the savings banks, agricultural credit institutes and other credit institutions of public utility of the same character.

One of these sources which deserves especially to be mentioned is found in the Provincial Insurance Institutes (*Landesversicherungsanstalten*) against disablement. These institutes are authorized to invest a part of their capital, from 1899 a half of it, in undertakings exclusively or mainly to the advantage of the persons for whom insurance is compulsory. It is specially permitted to them to accord credit to societies of public utility, co-operative societies and agricultural employers for building dwelling houses for the people. For a long time, however, the subvention has only been granted to co-operative building and dwelling house societies in towns, which aim at improving the conditions of the life of the workmen in urban

(1) See 1st part of this Article, § 6. *Bulletin of Economic and Social Intelligence*. December, 1912.

centres; an appropriate form must be found in order that the money may also profit agricultural labourers, for the foundation of co-operative building societies was only adapted to the country districts in exceptional cases. One of the first successful efforts has been made in Pomerania.

There, the Baltic Society for the Building of Rural Labourers' Houses (*Baltische Baugenossenschaft für ländliche Arbeiterwohnungen*) was founded, in 1902, at Anklam to serve as an intermediary credit institution of the *Landesversicherungsanstalt*. In addition to it, since 1903, the Pomeranian Colonisation Society has also begun to interest itself in the matter. Up to the end of 1910, with the funds supplied to it by the disablement insurance institute, it had built 147 houses for 482 families on various points of the district in which it works. The total amount of credit granted for the purpose was 1,505,225 marks, so that the average loan granted per dwelling house for a family, to which is attached about $\frac{1}{4}$ hectare of land, is about 3,119 marks. In 1911, the society provided 39 labourers' houses for 138 families at a cost of 408,200 marks, and in 1912 it provided 19 for 61 families at a further cost of 187,500 marks. The provincial insurance institute every year places at its disposal a maximum of 200,000 marks, and it gives it credit to the amount of 75 % of the value of the buildings.

In Schleswig-Holstein, as a result of the agreement entered into on April 25th, 1904 between the Provincial Insurance Institute and the Federation of the Agricultural Co-operative Societies of Schleswig-Holstein, the members of the societies affiliated to the Federation, whether agricultural masters or labourers, receive, for the building of houses for agricultural labourers, credits, amounting to 66 $\frac{2}{3}$ % of the value registered according to the valuation made by the management of the co-operative society. Applications for credit are only accepted if the *Landesgenossenschaftskasse* of Schleswig-Holstein makes no objection to the guarantee being undertaken by the Rural Credit Bank. Up to October 15th, 1911, in this way, through the intervention of 32 rural banks, 65 loans were made for between 1,000 and 5,000 marks and 2 for 6,000 and 8,000 marks, making a total of 194,950 marks. Relations of the same character have been entered into between the Provincial Insurance Institutions and the Provincial Federations of the Agricultural Co-operative Societies in other provinces, as in Hesse-Nassau in 1898 and in Silesia in 1907.

The investment of the *Resthypotheken* of between 75 and 90 % of the value presents quite special difficulties both in the case of colonisation by agricultural labourers and in that of peasant colonisation. As a rule, the labourers, can not offer to pay more than the 10 % prescribed, for their installation on their farms causes them in itself considerable expense. On this side also, the services rendered by the Provincial Insurance Institutes are valuable. The Hanover Institute, in agreement with the General Commission, also attempted in 1907 to grant directly, in addition to the loan granted by the *Rentenbanken*, also $\frac{3}{5}$ ths. of the last 25 % of the purchase price at 3 $\frac{1}{2}$ % interest or against annual instalments of 1 $\frac{1}{2}$ %. This was not, however, agreed to by the Imperial Insurance Bureau, for the operation seemed to be too unsafe. In almost all the provinces, however, loans of

his character are authorized on the security of the district. The rate of interest was at first as a rule 3 %. After May 1st., 1910, in consequence of a decision taken by the Imperial Insurance Bureau, the minimum was fixed at 3 ½ %. As a rule, 1% is added for the extinction of the debt to be completed in about 44 years.

Thanks to the considerable support granted by the Provincial Insurance Institutes, the financial question is no longer an obstacle to the efforts made for labourers' colonisation, provided the districts and special social societies are ready to assist in the grant of loans. However, except in the provinces of Posen and West Prussia, the number of the societies formed for the realisation of this end is up to the present, very limited.

The question of finding land well suited to the purpose presents difficulties of another character. If a landholder does not occupy himself personally with the labourers' colonisation and does not place at the disposal of the organizers the necessary land, or if, as may happen, the labourer himself has not selected the lot on which he intends to establish himself, the district or the colonisation society must take the initiative on its own account, in order that the results may be satisfactory. But often their efforts are powerless through the impossibility of buying suitable land and attracting colonists really endowed with the qualifications required. In order that the labourer settled on his own farm may thrive on it, economically and socially speaking, it is not enough that there should be frequent opportunities for labour in the neighbourhood, but as far as possible he must fix his residence in the village, so that he may actually feel himself a member of the community and take part in the common life. And often this condition is not realisable, for the peasants are far from being inclined to part with any portion, however small, of their holdings. The labourer will the more readily buy a small farm, if the annual rent is covered by the yield of the soil, including the renting value of the house. Thus the price of the land is no inconsiderable matter. In general, according to the size of the house and the area of the land, a labourer's holding costs from 5,000 to 8,000 marks, from 4,000 to 6,000 marks, of which are represented by the value of the building. Some small colonisation societies, in order to avoid the difficulty of obtaining lands, purchase, when favourable opportunities present themselves, entire peasant holdings, from which, when they sell them again, they detach small portions to found labourers' colonies. So they obtain the land they require easily enough at a low rate.

The maximum limit of area of labourers' holdings is about 2 ½ hectares. This is enough to provide the labourer with food and also to allow him to keep some livestock, including a cow, without his being obliged to devote himself exclusively to working his farm to the loss of his ~~usual~~ wage labour. However, on the other hand, a large number of labourers are not disposed to establish themselves in a locality, if the conditions do not allow of their gradually enlarging their holdings by further purchase of land, permitting of their acquiring an independent position. Consequently, in practice, attempt must be made to reconcile opposing interests.

(D) *Limitation of the Functions of the General Commissions through the Existence of Colonisation Societies.*

As long as the colonisation societies were still without capital and experience, they were dependent on the General Commissions which occupied towards them a position similar to that they occupied towards private organizers of colonisation. But when their situation was strong enough for them to carry out the work themselves, they endeavoured to emancipate themselves from this tutelage and obtain a liberty and independence in their colonisation work really corresponding with their financial responsibility. A more ample autonomy was accorded them by the General Commissions. However, in certain provinces, this evolution has already so far progressed that now the influence of the colonisation societies of public utility is predominant. The General Commissions have there only a secondary part to play.

The Government regulations for East Prussia in this connection are above all worthy of note. In that province, a General Commission was formed at Königsberg, but only in 1896 and principally for the purposes of home colonisation. Recently, its work in this field has been so much reduced, that its suppression is contemplated. The Decree of December 13th., 1911, of the Ministers of Agriculture, Finance, Home Affairs and Justice, regulating the co-operation of this Commission with the Colonisation Society (*Landgesellschaft*), provides in fact that in future it is the latter which is charged with all duties in connection with colonisation, including the regulation of the land registers (*Grundbuchberichtigung*) on its guaranteeing to assure the vitality of the holdings it constitutes. With this end in view, it is allowed to start for its own use a Survey Office (*Vermessungsabteilung*). To meet the expenditure, the State grants it an annual contribution. The General Commission must limit itself exclusively to the grant of *Zwischenkredit* and to intervening to obtain from the *Landesbanken* credit for rents fixed by agreement between the *Landgesellschaft* and the purchasers of *Rentengüter* and to obtain the grant of loans to cover the expenditure on buildings. It has therefore not even the smallest influence on the manner in which the colonisation is carried out, since all the proceedings in the matter, the purchase, the subdivision and the sale of the holdings is exclusively managed by the *Landgesellschaft*.

In West Prussia and Posen, the intervention of the General Commission has been still further reduced. As for a long time peasant colonisation there was almost entirely in the hands of the Colonisation Commission, it also charged itself with labourer's colonisation in the district in 1910.

The Bromberg General Commission now dissolved had previously obtained good results with the assistance of the small colonisation societies. Now, labourers' colonisation in the district has been entrusted to the Colonisation Commission and the *Mittelstandskasse* in the Province of Posen and to the *Deutsche Bauernbank* at Dantzig. A General Commission may only still intervene when a scheme for labourers' colonisation is carried out without the co-operation of a small colonisation society. In Pomerania

the powers of the General Commission are not limited to the same extent as in East Prussia. Yet there also its important right of intervention or the definite establishment of prices has been officially abolished. Also in Brandenburg the functions of the General Commission have been reduced. In the Decree of August 10th., 1909 on labourers' colonisation carried out by the district administrations and local societies, it is said, amongst other things, that the action of the General Commissions must be reduced to what is strictly necessary.

And after this, it is not to be doubted that the work of the General Commissions in regard to home colonisation will slowly but surely be completely eliminated. Probably the matter will be settled when the reform or the suppression of the General Commissions, which has been contemplated for many years, has to be dealt with. These institutions have now, substantially, above all in the eastern districts of Prussia, accomplished all the work they had to do; so that on many sides their dissolution is proposed as well as the transfer of their functions to the ordinary courts or administrative bodies in public law, or else their transformation into organisations occupying themselves with the progress of the national agriculture generally. But on this point there is still very little agreement.

(To be continued).

FRANCE.

AN ENQUIRY IN REFERENCE TO METAYAGE.

SOURCE:

RAPPORT DE LA COMMISSION D'ENQUÊTE SUR LA SITUATION DU MÉTAYAGE EN FRANCE
(Report of the Commission of Enquiry on the Situation of Metayage in France), instituted by the French Farmers' Society (Supplement to the Bulletin of the Society, April 1st., 1913. 1st. Number).

At the last general meeting of the French Farmers' Society, held Paris from the 17th. to the 22nd. of last February, R. Ratonis de Lima presented the Report of the Enquiry in reference to Metayage instituted in the previous year.

One hundred and nine answers were received from 41 departments the list of questions forwarded to the presidents of the associations affiliated to the society in the districts in which this method of leasing land is in force.

Let us say at once that everywhere a general tendency is observable on the part of the land holders to give their metayers appreciably better conditions. Quietly, by the quite simple action of enlightened self-interest, metayage has been able to solve the problem of agricultural credit, by placing, at the disposal of farmers, lots valued at tens of thousands of francs and capital under the form of livestock and farm requisites of the value of some hundred thousand francs.

§ I. DEFINITION OF METAYAGE AND LEGISLATION ON THE SUBJECT.

Let us first briefly consider what metayage is from the legal point of view as well as its economic and social character in the sphere of practical agriculture.

Metayage or partial metayage is the result of an agreement or contract by which the lessor, the land holder, the usufructuary or tenant farmer of a farm gives the metayer or a partial metayer, who gives his labour, the temporary enjoyment, under his own direction and super-

vision, of the land, buildings and all or part of the livestock; and farm requisites, and shares with him the eventual produce in kind and money, whether equally or in some other proportion, and under certain other special conditions. This half or other portion of the produce is the lessee's remuneration.

The law of July 18th, 1860 instituted a special contract, for metayage, with a character of its own, resembling at the same time that of lease and that of partnership, subject to certain special regulations in essential points and for the rest subject to the special conditions of the agreement and local usage.

This law is quite wide enough to apply to any metayage contract; it defines the principal obligations of the parties and the usual manner of working of a partial metairie.

The contract of metayage or partial metayage, says the first article of the law, is that by which the possessor of a rural holding leases the same for a time to a tenant who engages to cultivate it and share the produce with the lessor.

Article 2 adds that "the produce is divided equally, unless there be stipulation or usage to the contrary".

Article 5 specifies that "the lessor shall supervise the work and the general management of the farm; both in respect to the mode of cultivation and the purchase and sale of livestock", and article 11 lays down that each of the parties may ask for an annual settlement of the accounts.

Liberty is of the very essence of this contract, which is always easy to break, and has to be adapted to the necessities of every locality, every holding and the most various circumstances, lending itself to a thousand conditions according to the parties contracting. Thus, practically, metayage cannot be limited by absolute regulations and its forms are excessively varied.

§ 2. METAYAGE FROM THE ECONOMIC AND SOCIAL POINT OF VIEW.

From the economic and social point of view, metayage is the association of capital and labour and the union, in mutual fellowship, of the proprietor, who lends his capital, represented by the land which is to bear the produce shared, the buildings, livestock, implements, manure, tools, fodder and cash for purchases, and the farmer, who gives his labour, and who, in accordance with the well known phrase, undertakes to act, as regards the farm as a good father of a family for the advantage of both parties. There is a close bond of union between the two as they have the same interests.

Is not only the closest bond of union between the owner and the farmer, who have to concentrate their efforts, to aid each other in bad seasons and in times of epidemics among the livestock, and to

share in good and evil fortune; and not only the union of the contributions of each, labour, capital and intelligence; it is also one of the most efficacious means of promoting morality and agricultural progress and social peace and harmony.

But one of the first things necessary for the life and success of metayage is mutual confidence. This is a thing that cannot be measured; it either exists or it does not, and when it does, it must be absolute. Mutual relations are certain and easy when there is reciprocal loyalty. The bonds of union then are solid, and being solid are durable.

Association cannot last or at least it is difficult and imperfect if there appear grounds for distrust and suspicion necessarily leading to disagreement. Under such conditions there is nothing to be done but to terminate the contract as soon as possible.

The peasant, through an instinct, developed in him by the circumstances of his environment, from the first is on the defensive. It is by frequent contract, by kindness and good council and by persuasion that the proprietor, personally, with no go-between, may inspire confidence in the metayer and develop his energy, and excite his ambition to do better and better, and bestow on his work the jealous care of proprietor for his own property.

Without doubt — the law is precise on the point — the lessor is at the head of the business; he has the general management and supervision of the work. By residence or frequent visits he will secure order on the farm, will regulate the rotation of crops, select the seed and the manure, indicate the direction to be given to livestock improvement and preside over the business of purchase and sale.

But he will leave the details of the work to the metayer, who alone has authority over his family and servants and the day labourers whom he hires and pays. In many cases he will trust to the good sense, prudence and experience of his partner who has a more intimate acquaintance with the farm he works and the livestock he tends, he will consult him familiarly without too brusquely imposing his own will; he will insinuate his ideas little by little. Without bargaining, he will advance the sums necessary, relying on the honesty and industry of the other, and will attempt to take the steps required and make the necessary changes in advance without waiting to be asked. And it is thus that the metayer will be encouraged in his work and will readily follow the advice or the orders given. The success of the metairie depends on this, and no clauses of any contract, however precise, will necessarily lead to it.

Metayage, easier than direct farming which, owing to the demand of the labourers, has become, so to say, impossible in certain regions, presents itself in different points of the country as an excellent institution in the hands of one who knows how best to use it for the promotion of the interests concerned and for the benefit of agriculture generally.

The discredit in which formerly the farming profession and the agricultural life were held among the well-to-do classes, no longer exists

Thus, since 1880, in the departments of the Centre, where farming by tenant farmers was unsuccessful, a large number of farms have been taken in hand by capable and active landholders who have raised the condition of the metayers, interesting themselves personally and continually in their farms. Success has crowned their efforts and this success has produced imitators. Assuredly, metayage cannot escape all criticism; it has its own difficulties, its exigencies, its weaknesses. The adoption of this method of farming is, besides, not a matter of caprice, but of necessity, determined by the special conditions of seasons, residence, fortune, and aptitude of which each is by himself the competent judge. All methods have their defects and their advantages and most usually their advantages depend on the character of the men, by whom, and the conditions of time, place and other circumstances under which, they are put in practice.

§ 3. FARMERS GENERAL.

This leads us to say a few words on a system that has been called a hybrid and parasite of partial metayage, which placed an intermediary between the landowner and the cultivator, set the former at a distance, enslaved the latter and impoverished the soil. This system at one time, vitiated the principle of metayage in a most regrettable manner. We mean that of the farmers general.

These real intermediaries, often occupied in various trades, or without any interest in agriculture, united under their management a large number of landed estates, rented on excellent terms for themselves, the proprietors of which were unable to occupy themselves with them for various reasons, through residing elsewhere, or through want of sufficient working capital and the intermediaries worked the land by means of metayers who were really servants. Many imposed heavy burdens on their metayers such as the transport of an excessive amount of wood or grain, if they were timber, or grain merchants. By methods contrary to the principle and spirit of metayage, they endeavoured to profit by the labour of the metayers, so as not only to reimburse themselves for the amount of rent they paid the land owner, but also to assure themselves of as large a personal profit as possible. The consequence was the metayers were in a miserable condition and could not hope for a legitimate reward of their labour or of that of their family. Before the lease terminated the farmer general endeavoured to derive all the profit he could from the land, while exhausting the soil. He then asked a reduced rent from the landowner, who being an absentee or being anxious to be relieved of the management of the estate, preferred to receive somewhat less revenue from his land and to continue renting it to a solvent person, or even consented to a demand for new buildings, without increase of the rent.

When disputes arose at the termination of a lease, as the experts appointed by the court were generally farmers general, they combined for their mutual professional interests, and the just rights of the landowners were sacrificed.

For all these reasons, in the middle of the last century this system generally contributed to the unpopularity of metayage and the position of inferiority in which it was held.

But the number of farmers general decreased in proportion as the landowners were induced to undertake the management of their landed estates or to choose as tenant farmers metayers who had saved something.

The farmers general are now scarcely 1,300 or 1,400 in about twenty departments. The department of Allier alone has from six to seven hundred. Haute-Vienne from 120 to 150, Indre about a hundred, Cher, Vienne and Saône-et-Loire from 50 to 65, Loire-et-Cher, Mayenne and Charente about thirty each, Nièvre from 12 to 15, Loire, Ain and Vendée, about 10, Creuse, Maine-et-Loire, Puy-de-Dôme and Lot-et-Garonne, a few or only one.

Except in Allier, Haute-Vienne and Vienne, the number of farmers general is nearly every where decreasing. In some departments their place is taken by business men, which is not precisely an advantage for metayage, or by stewards, who, in order that the advantages of metayage may not be lost and in order not to create ill-will, must avoid imperative orders and unreasonable exactions. The want of tact of intermediaries puts the proprietors and farmers into false positions with regard to each other.

§ 4. DISTRIBUTION OF METAYAGE IN FRANCE: ITS EVOLUTION.

According to the Official Statistics, (1) there were eighteen departments, including Corsica, in which the number of metairies or partial metairies was superior to that of farms leased whether by written or verbal contract.

The department of Landes came first with 19,100 metairies or partial metairies: then Dordogne and Allier with 17,200 each; Gironde with 15,500; Tarn, with 13,100; Haute-Vienne with 12,400; Charente with 11,900; Basses-Pyrénées and Haute-Garonne with from 10,000 to 11,000; Corréze, Corsica and Gers with from 7,500 to 9,000; Tarn-et-Garonne, Aude, Indre, Ariège and Lot with from 4,500 to 5,000; Creuse with 3,400.

In other departments, where rented farms are more numerous, metayage is also very important. Thus, there were 12,500 metayers in

(1) Agricultural Statistics of France published by the Department of Agriculture. General Results of the Ten Years' Enquiry in 1892. (Published in 1897). Since 1892 the Department has held no Decennial Statistical Enquiry.

Vendée; 10,900 in Loire-Inférieure and between 6,500 and 4,000 in Vienne, Mayenne, Cher, Maine-et-Loire, Morbihan and Vaucluse.

We may say that Bourbonnais, Périgord, Limousin, Berri, Anjou, Poitou, Angoumois, Languedoc, Gascogne and part of Bretagne remain the principal centres of metayage.

According to the economic conditions and the special conditions prevalent in a department, an arrondissement or a canton, according to the convenience, the personal aptitudes and interests of the owners of the soil and according to the difficulties in connection with labour, metayage has lost or gained ground.

The answers given to the questions sent out by the Commission on this point and on others give us hints and even certainty, especially when a single commune is being considered.

Metayage seems to hold its ground in Vendée, Landes and Dordogne, especially in the region called «Noutronnais», in Limousin, except for a part of Corrèze where it would seem to be giving way, in Haute-Garonne, Basses-Pyrénées and Tarn, Mayenne, Berri and Bourbonnais.

It would seem to have lost ground in Var, Puy-de-Dôme, Indre-et-Loire, Loire-Inférieure, Morbihan and Lauragais. In some departments owing to the division of large and medium sized landed estates and the subdivision of land sold to speculators, the number of small proprietors themselves cultivating their holdings has appreciably increased, and that of the metayers decreased.

Former metayers, and in large numbers in Bourbonnais and a part of Berry, have become proprietors. The direct working of large estates by the owners is becoming more and more difficult and exceptional.

As a general rule, except in a few departments, such as Doubs, where metayage has been recently introduced, the traditional conditions of the metayer remain at any rate, fundamentally, unchanged; but in practice new agreements or rather modifications of details, varying greatly with the ambient and the time, have been introduced without its being possible to say precisely when. They are the logical consequence of agricultural progress and economic evolution. Tradition in no way excludes progress and the institution has escaped from the trammels of routine whenever it has advanced and been well directed and supported.

The rotation of crops has been modified, the use of manures and fertilisers has been generalised, the formation of meadows and the continually greater production of artificial fodder have led to the development of livestock improvement. Machinery and implements of every kind taking the place of manual labour have increased the forms of labour a hundred fold, while permitting of its improvement.

As to the sense in which the conditions of metayage have been modified, the opinion of the correspondents in the enquiry report is very clear. The modifications have been made to the advantage of the metayers. Here, there is the decrease or even the suppression of the payment in money; there, the landowner now pays the whole income tax; elsewhere, he freely lends improved implements, undertakes himself two

thirds of the cost of selected thoroughbred breeding stock and pays half the expenses formerly borne by the metayers: he gives prizes in money for crops requiring repeated and difficult dressing, such as beetroot and carrots for fodder. Finally, the landowner is treating the metayer more and more as a real partner and is trying to give him an interest by means of longer leases in improvements by which the crops and the livestock will benefit.

§ 5. SHARE OF THE LANDHOLDER IN THE PROFITS AND WHAT HE RESERVES FOR HIMSELF.

Altogether and in principle, metayage is always an association for the division of the produce of the land farmed, or collected, in accordance with the agreements: but we do not always find an equal division of all the natural and industrial produce of the landed estate.

The fertility of the soil, the facility of cultivating well arranged farms, the area of the meadows, a thousand local circumstances and special agreements may intervene to make the metairie a farm in which the costs and the produce are shared in proportion.

Secondary circumstances due to agreements or local usage, decide the just proportion in accordance with the special situation of the holdings under consideration. There are inequalities of distribution which are only apparent and in every case we must understand and weigh all the circumstances carefully before passing judgment. Real inequalities, necessitated by special uses and circumstances, most often make up for dissimilarities at the start and unequal investments of money. In many cases, the metayer, when all the accounts are strictly settled, will only lose by a rigidly equal division of the profits.

Generally, in the forty departments considered, the grain is equally divided after threshing, by weight or by double decalitre. In some regions, the lessor has only a third of the wheat and rye and a fourth of the oats and barley; the metayer then provides all the seeds and two thirds or three fourths of the manure.

The seed of artificial fodder, less the amount required for sowing, is divided equally.

Potatoes belong almost always entirely to the metayer who utilises them both for his personal needs and for feeding and fattening livestock. In Périgord, however, part of the potato crop, not exceeding one third, belongs to the land owner. In the South, dry pulse is shared in varying proportion.

As a general rule, all kitchen garden produce is the metayer's. The same is the case with milk, butter or cheese made from the milk of a single cow of the stock reserved for the use of the metayer, or cows the calves of which have been sold or weaned. This is an appreciable advantage, for, although the sale of dairy produce is forbidden in the con-

tract, it is very difficult to exercise strict supervision and infringements of the rule constantly occur.

The metayer's wife has all the profits from the fowls, ducks, guinea fowl and pigeons. Only the profits from the geese and turkeys are shared equally, but the feathers belong to the metayer's wife.

Fruit is generally left to the metayer. Nuts and cider-apples are shared equally.

In the case of animals and livestock produce and asses, an equal division is made in money. The owner receives and banks the produce of sales of livestock and it remains to his account until the settlement; the profits from these sales, after deduction of the costs, are shared equally.

Special agreements are made with regard to pigs. If they are bred the produce of the sale is divided; but the landowner provides the metayer with a certain amount of mast to help him rear them and allows him one or two of the sucking pigs to be fattened and eaten on the farm, according to its greater or less area. If they are fattened on the farm, the expenditure and revenue are divided equally. In view of the importance of the development of the production of pigs in many regions and the great care required in their maintenance, some proprietors, in order to encourage the production, guarantee their metayers an entire amount of from 10 to 20% when the profits exceed a certain figure, which is equally divided.

In addition to dues in kind called "small contributions" and some charges for carting demanded by the lessors, the metayers in some departments or portions of departments have to pay a "yard tax" in money, called: *metairie tax*.

According to the report of the enquiry we have summarised, we may in some degree consider the *metairie tax* as an indirect equivalent of the land tax the proprietor pays in full and of other benefits enjoyed by the metayer, such as dwelling house, garden, wood, various vegetables and poultry yard. We must also take account of the legitimate causes which urge a metayer to offer the landowner a certain sum of money to obtain preference and have the chance of keeping a good holding and remaining on it a long time. Finally, the *metairie tax* is sometimes very naturally due to the abandonment by the land owner of a field, a meadow; or pasture ground, or vineyard belonging to his reserve, the use of which the metayer has desired. Having proposed to the proprietor to compensate him for the cession by an annual payment of a certain amount, the metayer finds he has incurred the burden in question.

Let us add that the report does not hide the fact that in certain regions the claims of the lessor and above all those of the farmer general have been abusive. But we must not forget that this *metairie tax* is so far from general, that, in one hundred and fifty answers rendered to the Enquiry Commission, only thirty indicated its existence, in Bourbonnais, Berry, Limousin and in a part of Gascogne and Poitou. Besides, it is difficult to distinguish between it and the payment of the whole or only

the half of the land tax, or again other burdens of small importance. Its amount varies with the regions: in Bourbonnais, it varies between 5 and 15 frs. per hectare, seldom exceeding 10 frs.; in Limousin, it is from 5 to 10 frs. a hectare, and in other districts between 1 and 5 frs. a hectare.

The counterpart of the metairie tax is found in the districts of extensive farms in the departments of Indre, under the form of an annual bonus, guaranteed by the land owner and paid in money into the hands of the metayer in addition to his half of the profits.

This is a new way of regarding the obligations particular situations create for proprietors and which allow of certain charges being equitably balanced. Some explanations are necessary here.

In the large plains of Champagne and Berry there are landed properties with an area of 150 or 200 hectares and more of arable land, most frequently of inferior quality, yet suitable for the cultivation of grain, which is highly developed in the region and for that of artificial fodder essential for sheep farms. There are so to speak no meadows, and on a farm of 200 hectares there are only from 8 to 11 hectares of poor grass land.

On these farms the type of metairie contract is as follows: the landholder receives a third or a fourth part of the grain free of all expense except a third or fourth part of that for threshing.

The unequal division of the produce and the apparently large contribution of the metayer to the expenditure make an unequal contract. The metayer proceeds according to his own judgment; he avoids all expenditure of which he has to bear two thirds or three quarters. The crops are consequently as a rule poor. In view of these conditions, clear-sighted people decided a few years ago to adopt on farms of 180 and 200 hectares or more the principle of equal division of the produce, allowing the metayer by way of compensation for the larger share he has in the expenditure on the seed, a bonus of from ten to fifteen francs per hectare paid into his hands every year. This bonus represents with nearly mathematical accuracy the excess revenue the partial metayer might have if he saved the two thirds or three quarters of the cost of the seeds: but it has the great advantage of a quite safe insurance, above all to be appreciated in bad seasons. It assists the metayer to pay the very heavy expenses in connection with the numerous staff the successful working of these large farms calls for, in addition to his own family. Further under the enlightened direction of the landowner, the yield increases and the livestock benefits by the more intensive system of farming. Both parties profit by the change. These large landed estates are leased for periods corresponding with that of the rotation of the crops, that is for four years, and the lease is then renewed by tacit agreement.

The net profits of the farm consist in the difference between the revenue and expenditure, after deduction of the interest on working capital, calculated at 5%. The lessor succeeds in realising 50 frs. per hectare when the lease of the soil is not more than from 30 to 33 frs. the hectare. The value of the leased farm therefore exceeds that of the metairie

by from 30 to 35 %. The value of the soil itself seldom exceeds 750 frs. the hectare; the working capital per hectare is from 100 to 125 frs.

This example shows how metayage adapts itself to manifold combinations for the equitable distribution of burdens.

§ 6. DURATION AND FORM OF LEASES.

Annual leases, terminable as a rule at six months' notice, are still the most frequent.

There is however a generally increasing tendency in favour of three years' leases with tacit renewal, and three, six or ten years' leases, terminable at the end of each three years' period on notice of ten months or a year, as well as leases for the period of rotation of crops adopted by the lessor for his farm. Four or five years' leases are also renewed by tacit agreement. This tacit renewal becomes in the minds of those concerned a corrective of the brief term of the contracts and is the natural result of good relations between landlord and tenant.

Verbal contracts are still in use but are growing rarer. We hear of a verbal contract in Indre-et-Loire, at Bourgneil, which has been in force for a hundred and twenty years. This example shows that the term of a lease is of small importance; good relations, mutual esteem and confidence constitute the real bonds of union between landlords and metayers, far more securely than legal written agreements.

It is very difficult, if not impossible, to discover the proportion of contracts passed by private deed, formal or verbal contracts. For about 15 % of verbal contracts there are from 45 to 55 % passed by private deed and from 30 to 35 % entered into before notaries.

§ 7. AREA OF LANDED ESTATE.

The area of the landed estates cultivated by metayers varies with the region, the fertility or poverty of the soil, the density of the population, the size of the farm buildings scattered more or less widely over the territory, finally, with special circumstances of property and of family, independent of the interests of agriculture.

In the alluvial plains of the Allier the metairies are not larger than 30 hectares, while on the granite mountains and in a part between the Loire and the Allier, their area is 70, 80 or 100 hectares.

On an average the farms are from 50 to 60 hectares. This is the most usual area, in Cher, Vienne and Indre, although there are in these regions metairies of 100 hectares and over. In Dordogne, Creuse, Haute-Vienne, Mayenne, Maine-et-Loire, Tam, Loire-Inférieure and Haute-Garonne, the farms vary generally from 20 to 50 hectares in area. Evidently, in con-

sequence of the rural exodus and the deficiency of labourers, and the dispersion of families, large farms are becoming more difficult to work. Very often two farms of 50 hectares yield more than one of 100 hectares.

§ 8. RULES FOR WORKING FARMS.

As, in conformity with the law, in the contracts the general management and supervision of the farm work is reserved to the landowner, it seems at least superfluous to insert clauses with regard to the crops, their rotation, the livestock, and the use of manure, except in the case of an innovation interrupting the traditional use. In practice, it is prudent not to set aside local usage too much as, in the settlement of a large number of disputes, it may be found to have the force of law. But with economic advance some of these local customs have fallen into desuetude. It is therefore advisable to insert in the contract certain regulations, as results of such progress; and to set aside uses now out of date.

With regard to the maintenance of ditches, hedges, enclosures, farm roads and pruning of trees, it is well, in order to avoid difficulties at the termination of the lease, to specify clearly the obligations the metayer contracts conformably with local conditions established at the start.

The answers to the questions in relation to the rules for working the farms give interesting information with regard to liming and marling now in common use.

As the results of liming with large quantities of lime are not immediate, but affect the crops for several seasons, in some contracts, it is provided, for example, that the lime, the cost of which is shared, must be supplied for four years and that, if the metayer leaves the farm before the expiration of these four years, the owner of the land must repay him one eighth of the total price of the lime for each year after he leaves the farm; or else the lime must be entirely provided by the owner, the transport and spreading of it forming a charge against the metayer; the same rules hold good in the case of marl.

The cost of chemical manure is also shared in equal proportions. Sometimes, in the contract, the lessor indicates the amount of manure the lessees must use for winter and spring grain.

The proprietor selects and purchases the manure. He advances it.

Threshing is charged for either by the day, the lessor undertaking to pay the hire of the machine, including the wages of the three men who work it, and the metayer paying the labourers and providing food for the men; or by the piece, at a price fixed by agreement per double decalitre or by weight. In this case, landlord and metayer share the costs, at the settlement of accounts. The metayer, as a rule, feeds the three men who work the machine.

Finally, there are regions, in which metairies of average size being near to each other, and the metayers' families large, the necessary lab-

our for threshing is assured by the mutual interchange of neighbourly services.

The cultivation of hoed crops, such as beetroot and carrots for fodder requires much care if it is to be done well. And the landlord, in view of this kind of farming and its utility for livestock production, does not hesitate to compensate his metayer for his expenditure for special labour required for the second dressing. Thus we find prizes given of from 30 to 40 frs. and more per hectare of beetroot and carrots for fodder, or 1 fr. per 1,000 kgs. of beetroot gathered, 10 frs. per hectare of potatoes and Jerusalem artichokes; and 5 frs. per hectare of cabbages.

The conditions for the plantation of fruit trees are fixed by rules inserted in the contract. The proprietor supplies the plants, the metayer helps in planting and tending them; the produce ultimately is divided or left to the metayer.

Improvements of the soil are the affair of the landowner. If the metayer is asked to contribute supplementary labour, it is absolutely necessary that it should be specified in the special agreements freely arranged, landlord and metayer being both interested in the improvement of the soil. The metayer will be the more bound to assist the landlord, as far as his strength and his time permits, as he may one day profit by these improvements, if the occupation of the farm is assured to him by a long lease or by the confidence inspired by his good relations with the lessor.

If a farm can be transformed into meadow land, the proprietor has it levelled, ditches and trenches dug, or fences erected and the metayer keeps them in order; he provides the seed and the manure, at least the first year. The metayer uses the farm teams for the transport, prepares the earth, manures it and sows the seed. If the land has to be cleared, the metayer assured of a long lease co-operates with the owner in the work in different ways, and the owner sometimes leaves him the whole of the first crop.

In the case of deep ploughing and steam ploughing, the metayer sometimes has only to arrange for the transport of the machine and plant to the fields, to provide the water for the plough and food for the two or three men working it.

In the case of land reclamation, drainage, utilisation of springs, and irrigation, the proprietor arranges for the important earthworks at his own cost and buys the pipes, and the metayer undertakes the work, all the utility of which he understands and from which he knows he must derive benefit in various ways.

If misunderstandings arise, or in case the conditions of the lease are not carried out, the only remedy is the cancellation of the contract.

§ 9. STAFF.

The number of the employees necessarily varies with the size of the families, the crops cultivated and the livestock bred. The cultivation of cereals and hoed crops demand more labourers and the labourers may be reduced on farms plentifully provided with meadows and pasturage.

Generally, it is reckoned that a metairie of 50 hectares, with 15 hectares of meadow land, requires as a rule the work of three men, two women, a cowherd and a small boy as a herd. At harvest time additional assistance is required.

In one place they calculate a man is required per 8 or 10 hectares, in another per 15 or 20 hectares, exclusive of cow-herds and shepherds. Every thing depends on the composition of the farm and the proportion of arable land.

To ensure the most rapid execution of important work such as that of reaping, for which the family is not always large enough, the proprietor sometimes engages to provide a labourer to be fed by the metayers, for two or three weeks, or else he gives the metayer a certain amount in money.

It is besides usually laid down in the contracts that the metayer is bound to have available the necessary staff so as to prevent any work being neglected or delayed. Hardly anywhere need the supplementary staff be approved by the proprietor; yet, if the metayer employs undesirable labourers, he may blame him and ask for their dismissal.

§ 10. HOW THE STOCK IS CONSTITUTED, AND THE CONTRIBUTIONS OF THE LANDLORD AND METAYER.

The livestock consists of animals of every kind; the dead stock, which may be called "iron stock", consists of ploughs, carts, harness, food racks for sheep folds, machinery, implements and moveables of the most various kinds.

The composition of the livestock varies with the farm. In Bourbonnais, a holding of from 50 to 60 hectares may support from 8 to 10 oxen, 6 to 10 cows, 6 to 8 calves of a year old, 6 to 8 sucking calves, 3 or 4 sows with their young, one or two brood mares, from 30 to 50 breeding ewes or sheep for fattening, and from 8 to 12 pigs for fattening. In Berri, on farms of the same size, where sheep are the principal animals bred, we find from 100 to 120 breeding ewes, from 12 to 18 head of horned cattle, from two to three sows and two brood mares; or horses take the place of oxen.

The value of the livestock is as variable as its composition. It may amount to 500 frs, or not exceed 100 frs. per hectare; it varies generally

between 250 and 350 frs. per hectare. The same may be said of the dead stock which may be 25, 50 or 100 fr. per hectare. Everything depends on the character of the equipment and the special requirements of each particular farm.

Of the livestock, the landlord always supplies the breeding stock, often only the half, the third or even the fourth part of the livestock in the stables, cowhouses, sheep folds and pigstyes. To the breeding stock, indeed, is added the young of this stock, half of which belongs to the metayer.

In the same department, in the same commune, there are differences as to the amount of stock supplied by the landlord, very often the whole amount, and that contributed by the metayer.

The breeding stock may in fact be increased by the owner taking possession of all or half of the young at a valuation at the termination of the lease, the new lessee having nothing to pay to the former lessee; or else the new metayer pays his predecessor for the half of the increased stock which he takes over and thus acquires a right to the estimated value of the livestock; or else again the lessor places to the account of "advances to the metayer" half the estimated price and is reimbursed at the contract rate by the metayer.

In the districts where the metayers were formerly mere servants, to whom the landlords had to advance everything, and on certain farms, as a result of ancient use, the dead stock is provided entirely by the landowner. The lessees must keep it in repair and renew it. When they leave, everything over and above what they received at first belongs to them. In case of a deficit, they must make up the difference in money.

Most frequently, in those departments to which the enquiry referred, the dead stock is the property of the metayer.

As a rule, the metayers must undertake all the work in connection with harvesting and especially the reaping: they then have to buy the machines for mowing, reaping, binding, raking, etc. But, in practice, the landlords often make the necessary advances for the purchase of machines and the metayers reimburse them in the course of a few years, or else the machines are bought collectively, the maintenance remaining a charge against the metayers.

There are other improved machines, such as sowers and sifters, which the landlords, when they have a sufficiently large number of farms in a single locality, place at the disposal of their metayers, to circulate from one to the other in a fixed order.

The animals are not the only stock the profits and losses of which are shared. Manure heaps, old ricks, fodder and standing grass in artificial meadows, must also be considered under that head. It follows that at the termination of the lease the gain or loss on the valuation made at its beginning has in each case to be equally divided.

The landlord always controls the purchases and sales with or without the assistance of the metayer, since on principle and by law he has the management of the farm. In practice, purchases and sales are

conducted in accordance with previous arrangements. Usage, which has the effect of law in business matters, only admits of a bargain being final, when ratified by the master.

Let us finally note that if the landlord and metayer generally have equal shares in the purchases and sales, there are cases in which the former undertakes, if not the whole, at least two thirds or three fourths of the cost, in case of heavy expenditure, such as for purchase of choice throughbred breeding stock.

§ II. CHARGES ON THE FARMS.

The land tax is either paid by the land holder (this is the most frequent case), the metairie tax sometimes compensating him for this payment and for other advantages conceded by him; or else it is paid half by him and half by the metayer.

As the situations of the farms are not identical and equally favourable to the metayers, if in certain cases the metayers may be fairly asked to contribute the half of this tax, the obligation in other cases may be too heavy and not in proportion to the yield of the soil. And we could mention sufficiently numerous examples in which the metayer has neither land tax, nor dues in money nor metairie tax to pay.

Of the other taxes, the poll tax and tax on furniture, the tax on doors and windows of the house occupied by the metayer, and that on vehicles and dogs are generally paid by the metayer; services in kind, rendered with the help of the farm teams, are most usually at his expense. The buildings are insured against fire by the landlord. The metayer must insure at his own expense his furniture, and his plant and insure himself against tenant's risks, unless he is relieved from this by the landlord's policy. The expense of insurance of the stock, ricks, fodder and various crops harvested is shared equally, as well as is the cost of insurance of crops against hail, and that of livestock insurance.

In theory, repairs are at the charge of the metayer, in practice it is more often the proprietor who carries them out. In some departments and especially in Maine-et-Loire, Dordogne and Charente, the metayer pays from 5 to 10 frs. a year as a subscription towards the repairs made by the landlord. As a general rule, the lessees must fetch the material for repairs, whether considerable or small, for buildings and rebuildings, with their own teams and drivers from a distance not exceeding a certain number of kilometres. In case of fire they must bear the cost of cartage in accordance with the estimate of the experts called to estimate the damage.

The costs in connection with the contract are either borne entirely by the metayer or are shared equally. Eventual costs of deeds in relation to business of common interest are borne equally by the two parties

§ 12. DELIVERY OF FARMS THE PRODUCE OF WHICH IS SHARED.

Possession is taken of the farm on some popular festival: Martinmas (November 11th.), Saint George's Day (April 23rd.), Saint John's Day (June 24th.), Michaelmas (September 24th.), All Saints' Day (November 1st.); in Dordogne also on the 1st. and 8th. of September.

The day most usually selected is Martinmas (November 11th.). Each of the above dates is more or less suitable or inconvenient.

(a) On November 11th., the old metayer leaves the holding after sowing his winter grain which he will come to harrow, and roll in spring and reap next summer.

The beetroot is left after valuation. The value in excess of that estimated at his entry in possession is paid to the outgoing tenant.

The natural hay in the barns is kept intact, as well as the first crop of artificial fodder, until an amount is reached generally fixed beforehand. The livestock are fed up to November 11th. on second crops, after growth and meadow grass.

(b) When the metayer takes possession on April 23rd., suitably made contracts give him the right to come in February to prepare a certain quantity of unplanted land and to sow grasses for artificial meadows, in the grain fields.

The metayer occupying on this date has every right to work the fallow land for winter sowing; he reaps the artificial fodder taken over at a valuation when ripe, as well as the natural hay left as a substitute.

He finds many manure heaps, the value of which is estimated, when he arrives.

He will have full enjoyment of the farm on September 29th., after the threshing of the grain which the outgoing metayer supervises.

(c) The date of June 24th. presents less advantages for the preparation of the soil; but the situation is almost the same with regard to fodder, and the term before the full enjoyment of the farm is obtained is reduced to a minimum, as, three or four months after June 24th., the outgoing tenant will have reaped the last crop he is entitled to.

In Haute-Vienne, delivery is often made in a very unsatisfactory way. The metayer, leaves the farm, where, most usually he has sown carelessly and presents overfed livestock for valuation. In most cases the incoming metayer receives the land sown by his predecessor with the obligation of leaving the same area sown when he quits the farm. Elsewhere the outgoing metayer returns to reap the harvest he has sown. The best arrangement would be a division by which the incoming and outgoing tenants should each receive a quarter and the landlord a half. It would thus be to the interest of the outgoing tenant to sow under proper conditions, and of his successor to take good care of the crop and troubles in connection with removal would be avoided.

The outgoing metayers' last crop is gathered by his successor on the farm with the help of the farm teams and their drivers. At the time of threshing the straw, the bales are placed in order and tied by the incoming metayer.

Within three months from his entry into occupation of the farm, the incoming metayer may demand from the outgoing one a report of the state of the fencing, of the condition of the hedges and trenches, and of the repairs at his charge etc.

The stock is valued in the days preceding delivery, or even on the day itself. Most usually the outgoing and the incoming metayers each choose an appraiser. In case of disagreement, a third is chosen by mutual agreement, by the court or by the local magistrate. Against the decision of this third there is no appeal.

As a rule the valuation must be made at average rates, that is to say, if horned cattle is being sold very cheap at the fairs, at a higher rate, and if it is sold very dear, at a lower one.

Generally, the proprietor furnishes half the seed, whether deducted at the time of threshing or furnished later by the lessor on the eve of sowing. If it is necessary to buy seed the expense is equally divided.

In the case of land improvement, the parties proceed in accordance with the good father of a family clause, the condition of the land as shown at date of delivery of the farm, mutual agreement or the decision of appraisers. No provision is made in the contracts for compensation by the proprietor to the metayer for improvement of the land, not by the tenant to him, for deterioration of the property. In case of the special class of work to which we have alluded above being decided on by mutual agreement within the period of the lease, special arrangements either verbal or in writing are entered into specifying the conditions under which it must be carried out.

§ 13. SPECIAL VITICULTURE BY METAYERS.

Before the invasion of the phylloxera and cryptogamic disease vineyards were cultivated frequently enough on the metayage system in various parts of the viticultural districts where the wine had no sufficient fame, quality or value on the market to induce the landlord to reserve for themselves absolutely the whole produce and the personal management of the often delicate operations on a farm of considerable value.

The general conditions of metayage in this case scarcely differ from those by which it is ordinarily regulated. Equal sharing was the rule: but where the work was difficult, by reason of the condition of the soil, the metayers sometimes received a little more than half the crop, or again, on the contrary, under favourable conditions, less than half.

The proprietor, most frequently, undertook the breaking up of the ground and the plantation, leaving the simple working of the soil and the pruning to the vinedresser, and engaged to share the produce with him at the vintage: or else, he gave him wages up to that time. Besides this, the conditions varied infinitely.

In the South East and Centre especially, the old leases were for long periods; of ten, fifteen or more years, which was logical enough, in view of the good and bad years.

The vinedressers considered the lots entrusted to them as their own property.

We still find this equal division of the produce in the case of small vineyards in Loire, Puy-de-Dôme, Doubs, Dordogne, Var, Tarn, Hautes and Basses-Pyrénées, Tarn-et-Garonne and Vendée, where the proprietor provides the props or stakes, the wire and often the anticryptogamic substances, and half the cost of the manure. Elsewhere, as in Loire Inférieure, one party receives a third or a fourth of the produce.

In Charente-Inférieure the métayers are no longer willing to work for a share in the produce, above all when the harvest does not promise to be good. And the proprietors pay a fixed price per hectare for all the work in connection with the vine, not including the gathering of the grapes which is paid for by the day or at from 75 centimes to 1 fr. per kg. loaded on the cart. In Haute-Savoie the vinedressers also now prefer a fixed rate of pay guaranteed for a minimum number of years.

In Indre-et-Loire, metayage seems to have disappeared from the vineyards.

In some departments the landlords have attached to their metairies a small vineyard, the whole expense of the cultivation of which up to the third or fourth year they bear themselves, the metayer then cultivating it as a metairie and sharing the produce equally with the owner.

A small vineyard formed of direct bearers or grafted hybrids, resisting cryptogamic diseases and hardy, and not demanding too much attention from the metayers, is a great advantage to a farm, both on account of the wine and of the marc, from which a drink is made. The metayer has no expenses in regard to the working of this vineyard or the vintage, the produce of which is all profit.

§ 14. VALUE AND FUTURE OF METAYAGE.

"On account of its adaptability," says R. Marcel Vacher, in his reply to the Commission, "metayage has transformed and made the orbane of the landholders of Bourbonnais; well understood and well directed, it may lead to the most tangible improvement in agriculture and livestock breeding and permits of the soil giving a yield above

that obtained by other methods of cultivation, with less risk, less expenditure and less supervision on the part of the proprietor."

This very authoritative opinion is endorsed by the Society of Allier, which replied as follows: "In very fertile districts, where, however, the absence or scarcity of natural grass does not allow of livestock improvement being carried on, where the only form of farming possible is that of agriculture properly so called, on an intelligent intensive system, that may give good returns, but also requires large expenditure, the metayer would not have the capital nor the professional capacity necessary and would succumb under his burdens. Direct cultivation by the farmer or the renting of the farm is in this case preferable. In districts where meadow land and pastures prevail to a greater degree than cultivated crops, where livestock improvement and fattening may be carried on on a large scale and with profit, there is no need for metayers. Cultivation costs little; it is not to the landlord's advantage to divide a profit, the half of which would be an excessive remuneration to the metayer for work which, besides, he has not had to do. It must be added that metayage cannot be improvised in regions where it does not exist or never has existed. Nor can it be imported. Trials made in this direction have had only an ephemeral success.

But where metayage has always existed and still exists, if it is well organized on the two fundamental bases: of division of all the produce, and the chief management in the hands of the proprietor, on land of average fertility where livestock and cereal crops have almost equal importance, it is indisputably the mode of farming which assures the best revenue from the land and it must be maintained as carefully as possible, as long as it can be."

In other districts, in Limousin and Berry, formerly accounted so poor, metayage has led to a happy change under the influence of men who have confidence in their work and to a large extent second the efforts of the metayers who aid them. The plough has rescued immense areas from the moor and heath; drainage has rendered fertile land previously inaccessible; fine local breeds of livestock have increased in weight and quality, with the improvement of the soil and the increase of its production; the yield has considerably increased thanks to a good system of cultivation and the employment of chemical manure. The value of the stock has been doubled, and increased three fold and even fourfold. Special buildings with many apartments, built on sound hygienic principles, where the sun and air enter at will, have here and there replaced the old, damp, unhealthy, thatch roofed huts, in a single apartment of which a whole family found shelter.

In Anjou and in the South of Mayenne in particular, metayage has been the chief instrument of all the progress accomplished in a century so also in Bretagne and Poitou.

In other departments many examples show the happy results to which good metayage has led, above all in respect to livestock improvement and fattening.

Is there no further progress for metayage to accomplish? The answers sent to the commission of enquiry give interesting suggestions on this head, which may be summarised as follows:

Improvement of stock, better arrangement of buildings, longer leases; revision of leases so as to eliminate antiquated formalities; improved implements, purchase of good breeding stock, development of meadows and of livestock improvement, special prizes for encouragement for pig rearing and fattening, publication of information on metayage.

With this, desires of a general character have been expressed with regard to agricultural instruction in the schools, reduction of taxes, development of livestock improvement syndicates, the formation of a special metayers' pension fund, the reduction of the charge for transport of manure.

The improvements that may be introduced into the contracts in the interest of the parties concerned may be summarised as follows:

Longer leases, at least equal to the period of rotation of crops, to be renewed by tacit agreement;

Preparation of the contracts with all useless formalities excluded, very clearly specifying the obligations and mutual rights and duties of both parties;

Generalisation of the equal division of expenditure and profits, taking into account old ricks, cattle food, standing grass in artificial meadows;

Land tax to be paid in equal proportions by both parties: instead of the metayer paying rent in money, or the metayers' tax;

Prizes for cultivation of beetroot and carrots for fodder;

Appointment of three appraisers, at the termination of the contract, instead of two;

Careful establishment of the condition of the farms;

Grant of savings bank books by the landlord to all the metayers' children, with annual payments;

Registration *ex officio*, at the landlord's expense, of metayers in the agricultural societies, comices and syndicates to which the landlord belongs;

Special agreement for all work not included in the habitual duties of the metayer in respect to the farm he works.

As a result of all these provisions in conformity with the principle and spirit of metayage, we may have a renovated and improved form of the contract with favourable conditions allowing the metayer to gain money by increased and better production.

JAPAN.

I. PROGRESS REALISED IN THE READJUSTMENT OF FARM LANDS.

SOURCES :

DAI NIPPON NOKWAIHO (*Journal of the Japanese Society of Agriculture*). No. 33. Tokyo, March, 1913.

NOSHOMU HOREI SHURAN (*Collection of Laws and Decrees of the Department of Agriculture and Commerce*). 2nd. vol. 1st. part. Tokio, 1912.

§ I. STATISTICS RELATING TO THE APPLICATION OF THE LAWS.

In the February number of this Bulletin for the current year, we spoke of the laws on the readjustment of farm lands and reproduced figures showing the state of the work on June 30th., 1910. The Japanese Department of Agriculture and Commerce has just published a new report on the application of these laws. It appears from it very evident that the Japanese Government is following this very important work with great interest and occupying itself actively with it.

In the article referred to we said that, up to the end of June, 1910, the total number of landed estates for which the schemes were approved was 3,211. Since then, up to August 31st., 1911, 1,532 other schemes had been approved. That is to say, in the space of only a year and a half, work was performed far exceeding in amount what had been done previously since the laws began to be applied, that is between 1900 and the end of June, 1910.

The total number of landed estates to which the law had been applied at the end of August, 1911, was therefore 4,743, with a total area of 283,000 *cho* 53 (1) and was subdivided as under :

Period	Number of Landed Estates	Area (<i>cho</i>)
Between 1900 and June 30th., 1908	2,129	125,961.48
1909	1,140	80,557.63
1910	749	40,933.63
1911, up to August 30th. .	725	35,548.79
Total . . .	4,743	283,001.03

(1) *cho* = 0. ha. 99.

Of all this area about 82 % or 233,273 *cho* could really be cultivated. The rest served for roads, water ways, canals, engineering works etc. The land was divided as follows: ricefields, 185,060 *cho*; cultivated with other crops 48,213 *cho*; respectively 65 and 17 % of the total. It is estimated that after the readjustment has been completed the figures will be as follows:

	Area (<i>cho</i>)	%
For Ricefields	236,396	83
For Land under other Crops .	27,103	9.6
Total . . .	263,499	92.6

From the above it appears that by the readjustment of the 4,753 estates in question, the area of the rice fields will be increased 27 % or by 51,336 *cho*, and the area of the land under other crops diminished 44 % or by 21,110 *cho*. Together the total area cultivated will have increased from 233,273 to 284,609 *cho*, or by 30,226 *cho* that is to say about 10.6 % of the total area readjusted. If we now compare the new figures with those we gave in the February number of this Bulletin in relation to the situation on June 30th, 1910, we see that there has been no appreciable difference in the proportion of area gained for cultivation. It was 10.8 % on June 30th., 1910 and 10.6 % on August 31st., 1911. But we can scarcely say the same with regard to the expenditure that has been necessary for this readjustment.

The total expenditure for readjustment of the first 3,211 landed estates, was estimated at 28,885,384 yen, whilst the estimate in the case of the 1,532 estates for which schemes of readjustment were approved between June 30th., 1910 and August 31st., 1911, was 16,167,466 yen, which brought the total expenditure contemplated at that date for the projected readjustment of all these 4,753 estates up to 45,052,850 yen. This enables us to make some very important observations on the matter. As we observed in our former article, the cost of readjustment of the first 490 estates was on an average 131 yen, or 338 fr. per hectare. In the case of the later 1,532 estates the cost averaged 188 yen or 485 fr. per hectare, with an increase of 43 % on the first average. This has not failed to arouse objections from persons competent and above all from those interested, who found the cost of the work of readjustment enormously increased and considered that this threatened to destroy the balance there should be between the profits obtained by these changes and the capital invested in the work. But the Japanese Government had foreseen this. It at once took measures to facilitate, for the co-operative societies and syndicates constituted in conformity with the law on the readjustment of farms, the means for obtaining the funds they required. It exempted them from the payment of the land tax and permitted them to contract loans, not on mortgage, but with the industrial mortgage banks etc. Besides it has intervened directly in their favour, with grants of large subsidies.

§ 2. THE REGULATIONS WITH REGARD TO SUBVENTIONS.

These regulations were first published in 1907 and republished almost in full in 1908 and 1909. On October 7th., 1912 the official journal of the Japanese Government, (*Kwampo*) published some important amendments made in the 1909 regulations. They were due above all to the results produced recently by the application of the law. In order to give the reader an idea of the work of the Central Government in the execution of this important matter of agricultural readjustment, we shall here mention the principal details of the regulations.

In order to promote and facilitate the readjustment and improvement of the farms, the Department of Agriculture and Commerce reserves to itself the right of granting yearly subventions, in conformity with the provision of the regulations in question, the amount not to exceed that shown on the Departmental Estimates.

The funds thus granted are assigned to the prefectures concerned. They are entered under the head of expenditure or of subventions. In the first case, they are amounts assigned for various researches, etc. for the supervision of the work done in the year for increasing the fertility of the soil or readjustment of farms. In the second case, under the head of subventions are included the funds granted for preparation and execution of the work done in the year in order to attain the above ends.

When it grants subventions the Department exercises careful supervision over the object they are to serve and the use made of them. The prefectures desirous of obtaining subventions must in fact make application to the Department. With their application they must send all documents that may in any way serve to explain the need for the money applied for and the utility of the work on which it is employed (projects, researches, estimates, etc). Any modifications introduced into the projects presented by the district authorities must be authorized by the Department. When the expenditure exceeds the estimate a new subvention may be applied for to cover the difference.

The district authorities that have obtained subventions must, not later than May 30th., each year, report in detail on the state of the researches, on the establishment of the projects, on the supervision of the work etc., as well as on the results obtained by the investment of the money granted. The Department desires further to be informed in detail with regard to the antecedents of all the officers eventually employed for the accomplishment of one or other of the objects above mentioned. It reserves the right of refusing to accept them as employees. The Minister, further, reserves to himself the right to modify the proposals presented, to increase or decrease in proportion the amount of the subvention and to call at any moment for reports on the state of the work, etc. The provincial authorities of a district receiving a subvention are, further, obliged to continue during the next financial year the execution of a projected work when it has not been

ssible to terminate it in the course of the first working year. Finally, it is laid down in the rules that, as soon as the work is finished, the provincial authorities receiving subventions must, within the shortest time possible, send the Department a complete report on the work executed and detailed accounts showing how the money obtained has been utilised.

2. PUBLICATIONS OF RECENT DATE RELATING TO AGRICULTURAL ECONOMY IN JAPAN.

OFFICIAL PUBLICATIONS:

- IX CHOSA HOKOKU (*Report on Emigration*). Department of Foreign Affairs. Division of Commercial Affairs. Tokio, 1913.
- II NIHON GWAIKOKU BOEKI GEPPYO (*Monthly Statistical Tables of Japanese Foreign Trade*). Department of Finance. Customs Division. Tokio, 1913.
- ISHO GENKEN SRIKU (*Manufacture of Tea in 1912*). Secretariat of the Department of Agriculture and Commerce: Statistical Office. Tokio 1913.
- II ROKU SHI ZENKOKU SEISHI KODA CHOSAHYO (*Tables Relating to the 6th., Enquiry into Silk Factories in the Empire*). Department of Agriculture and Commerce. Agricultural Division. Tokio, 1913.
- SHIN KOKOKU (*Report on Forests and Mountains*). Department of Agriculture and Commerce. Mountains and Forest Division. Tokio, 1913.
- SHOMUSHO SHOHIN CHINREKKAN HOKOKU (*Report on Commercial Exhibitions*). Department of Agriculture and Commerce. Tokio, 1913.

OTHER PUBLICATIONS:

- EDA SANSHI SEMMOGAKKO YORAN (*Report on the Special Spinning School at Ueda*). Tokio, 1913.
- AKAGAWAKEN NOKWAIHO (*Report of the Agricultural Society of the Province of Kanagawa*). Yokohama, 1913.
- ITEKEN NOKWAIHO (*Report of the Agricultural Society of the Province of Miye*). Tsu, 1913.
- IME KEN NOKWAIHO: (*Report of the Agricultural Society of the Province of Ehime*). Matsuyama, 1913.
- ITAGIKEN NOKWAIHO (*Report of the Agricultural Society of the Province of Miyagi*). Sendai, 1913.
- KUHSERU KENKYU KWAI HO (*Report of the Society of Farm Readjustment*). Tokio, 1913.
- AGWAI NI OKERU NIPPONJIN NO NOGYO (*Japanese Agriculture Abroad*), Supplement to the *Nippon No-ryo Zashi*, Tokio, 1913.
- HOEI (*Horticulture*). Horticultural Society of the Province of Hokkaido, Sapporo, 1913.
- IKETTO NOKA JISSKI (*Farmers' Pocket Manual*). Imperial Society of Agricultural Science, Tokio, 1913.

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